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JPRS Report

West Europe

West Europe

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FEDERAL REPUBLIC OF GERMANY

CSU Landtag Chairman Glueck Stresses Party Unity

36200177c Munich SUEDEDEUTSCHE ZEITUNG
in German 18/19 Jun 88 p 23

[Article by Egon Scotland: "Glueck Against Turn to Outside"]

[Text] Alois Glueck, the new chairman of the CSU Landtag caucus, does not consider himself the "Heiner Geissler of the CSU." On the evening after his election, Glueck sat down with the Landtag press corps in order to outline his course. Essentially, Glueck wants to "continue what Gerold Tandler has built up," wants a caucus of "autonomous weight," and measures the success of its work by the quality of its contribution, not by the number of public conflicts. His goal is "not primarily the turn to the outside," but rather "a lively discussion on a common basis," and he believes that "that can only be useful to the state government." Minister President Franz Josef Strauss had very expressly agreed to that. Glueck compared the 128 members of the CSU Landtag caucus to a soccer team whose chances depend on diligent training and their willingness to serve.

Discussion of Wage Cutbacks

The phase of profound change at the threshold of the third industrial revolution must become a new start, said Glueck. The much-lamented change in values also has positive aspects. As examples for the "enormous backlog of problems" he mentioned the reforms of taxes, postal service, pensions, and health care service. The lack of confidence in the future was gathering in the dispute over permit procedures in the environmental sector. The tremendous structural changes due to electronics centered on decisions where to locate, for which postal data transmittal fees become decisive. In comparison with other countries, particularly outside Europe, Glueck diagnosed a "lack of flexibility" in the FRG. Referring to numerous conversations with industrialists, he predicted for the 1990's "discussions about wage cutbacks rather than wage increases."

In his opinion, for this dispute the CSU has the advantage "that it embodies the right mixture of tradition and progress as no other party." It has a very special opportunity since this combination is expressed in the person of its chairman, Strauss. Strauss is equally credible in the uniform of an alpine rifleman and in talks about modern technology. Worldwide interlinkage has penetrated public awareness far too little. Just because energy is cheap here, people forget that for hundreds of millions elsewhere the lack of firewood is "the problem pure and simple." "Mostly, we think in international terms only when choosing our vacation destinations."

Questions about his personal relationship to the hazy circle of alleged and actual scandals surrounding Strauss were parried tersely by Glueck. Such a description is distorted and unfounded. He is linked to Strauss by a relationship of mutual trust, and Strauss is a man of high demands with regard to opinions and their justification, which is shown in his dreaded way of digging deeper. He has not experienced any conflicts with well-founded positions. Something similar can be said for his relationship with Edmund Stoiber, chief of the state chancellery, and his predecessor Gerold Tandler: "We represent different mentalities, but not different positions." Tandler has offered him advice, but would only speak if asked.

Referring to his good results in several CSU board elections, Glueck said that he really represents the entire spectrum of the party. The wrangling over tax exemption for aviation fuel he considered symptomatic for the emotionalization of the debate and the part played by envy complexes. Strauss' attitude on this point is "logical and difficult to dispute." Besides, already in the past Strauss had given the Landtag caucus a status unique in the FRG, and also a publicly noted role. It cannot be compared to the role played by the CSU caucuses in Lower Saxony or Baden-Wuerttemberg. And when addressed as to a lack of willingness to make concessions, Glueck cited a survey from the Saarland, according to which the SPD there usually rejects all motions by the CDU opposition already at the first reading, very different from how the CSU in Bavaria handles it.

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Bavarian Economics Minister Tandler Interviewed

36200177b Munich SUEDEDEUTSCHE ZEITUNG
in German 18/19 Jun 88 p 35

[Article by Helmut Maier-Mannhart: "Focusing on the European Domestic Market"]

[Text] At the beginning, there was a bow to his predecessor Anton Jaumann: The fact that Bavaria's economic situation is so good today is attributed by the new state minister for economics and transport, Gerold Tandler, not least of all to the fact that the ministry now in his charge has made optimum use of its powers up to now. But as Tandler said in a talk with the SUEDEDEUTSCHE ZEITUNG shortly after assuming office, it is a challenge to secure this previous success. This is especially true since he compares the favorable economic situation of the FRG to lovely autumn days which are closer to winter than to spring. Aside from matters of details, two issues have priority for him: Securing the FRG as an industrial location, and drawing the Bavarian economy closer to the European domestic market.

When it is a matter of the FRG as a production location, it naturally also involves Bavaria. This is sufficient reason for a Bavarian economics minister to address this issue. Tandler's central concern is to put a stop to the

permanent shortening of working hours. He would rather have employees share in the productivity progress in the form of higher earnings than through more leisure time. The reason for it is the shortage of manpower to be expected due to the demographic development, and to strengthen international competitiveness. A side effect would also be the advantage of creating additional purchasing power, with more money flowing into public coffers and the social security systems.

While the chairman of the CSU parliamentary caucus, Tandler, had strongly assisted in wrapping the tax reform package, and as Bavarian economics minister he intends to continue paying attention to these questions. The reform of enterprise taxation is for him one of the most important concerns of the next legislative period in Bonn. In his opinion, the corporate tax rate must be lowered to considerably below 50 percent, and the highest income tax rate to 50 percent, and preferably somewhat below that, in order to remove, at least partially, disadvantages by international comparison.

With regard to the problem of the South-North difference within the FRG and its resulting consequences, Tandler cautiously indicates a certain willingness to make concessions. He does emphasize, however, that Bavaria could not be held responsible for the mismanagement in other federal states. The "wealth" created here is a consequence of moderation practiced over many years. If one has incurred few debts, like the Free State of Bavaria, one has to pay little interest and has more money left over for investment. On the other hand, Tandler does not want to turn a deaf ear to certain solidarity measures in favor of those Laender [states] which are hard-pressed. However, in such talks everything would have to be put on the table, also the "coal penny," for example, which must be newly negotiated next year, after the temporary agreement.

With regard to Bavaria proper, the new economics minister sees a focal point in the expansion of traffic arteries. If Austria becomes a member of the EC within the foreseeable future, this opens up new prospects for Bavaria. The Land would then move suddenly from a fringe position into the center of the EC. Tandler considers it eminently important to set the switches now for that time to come, for instance by building a Brenner base tunnel and an ICE route. If this is not done as soon as possible, there is the danger that the new crossing over the Alps will be moved further west and the Rhine route will gain even more importance than it has today. Such an exclusion of Bavaria from the economic currents must be counteracted.

Tandler strictly follows the line of his political foster father, Franz Josef Strauss, when the subject of the state's economic activity is raised. Ludwig Erhard had never talked about a free market economy, but always of a social market economy. And Tandler feels committed to that viewpoint also in the sense that the state must

intervene with a guiding hand in that part of the economic process where otherwise undesirable trends would occur. If one were not to pursue that road, no structural policy would be possible, according to Tandler. "Where would we be today if, for instance, we had left the energy supply entirely to the RWE [Rhine-Westphalian Electricity Works]? Certainly not at the low price level of electricity today." But it had paid off not only in matters of price policy; the state influence on desulfurization of coal-burning power plants had also proven to be a stimulus for environmental protection.

More Influence in Brussels

Tandler also registered with great satisfaction the upgrading of the Ministry for Federal Affairs through the appointment of a state secretary. This is particularly so because he is of the opinion that one of the primary tasks of this ministry is the representation of Land interests in Brussels. In no other EC country are there Laender with a comparable state quality as in the FRG. This understanding of the German situation must be promoted in Brussels, a task which, in Tandler's view, has been neglected to date by the Federal Ministry for Economics. For example, when it was a question of regional economic promotion and its limits, in Tandler's opinion more could have been gained for FRG interests if these special characteristics had been more clearly spelled out.

When Tandler thus looks ahead, he does not do it as a politically ambitious loner, but as a team worker in a government team which wants to be judged by its actions as a whole in the next Land parliamentary elections. Therefore, the question of a possible expansion of the responsibilities of the economics ministry does not concern him for the moment. Only after he has familiarized himself [with his job] will he decide whether consolidation of areas of activity would be meaningful in fringe sectors.

In retrospect, his two predecessors in office can be identified with incisive occurrences in the Bavarian economy: It was Otto Schedl who brought oil to Bavaria and thus made a decisive contribution to overcoming the distance to oilfields. During his 17 years in office, Anton Jaumann left unmistakable marks on policies concerning small firms. And how might Tandler be viewed some day? By his words, perhaps as the one who consolidated what had been achieved and who effectively led the Bavarian economy into the European domestic market.

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Bavarian SPD Criticizes Lafontaine
36200177a Munich SUEDEUTSCHE ZEITUNG
in German 20 Jun 88 p 17

[Article by Andreas Ross]

[Excerpt] The propositions by the Saarland Minister President, Oskar Lafontaine, on battling mass unemployment continue to be uncontroversial [sic] in the

South Bavarian SPD. At their extraordinary bezirk party congress in Augsburg on Sunday, the deputy chairman of the SPD was confronted with massive criticism by the trade union camp of the SPD. For example, Peter Kurz, Land chairman of the Education and Science Labor Union (GEW), complained that the question arises just where the great hope of the SPD [Lafontaine] "will carry our hopes." And former chief of the Young Socialists, Klaus Barthel, accused Lafontaine of having lowered the red flag of solidarity with his proposals and instead having hoisted "the white flag of capitulation vis-a-vis capitalism."

On the other hand, the man from the Saarland reaffirmed his opinion that the SPD must do something about mass unemployment right now, although it does not have power in the upper and lower houses of parliament. For the time being, this can only be done through collective wage agreements, and for this reason the SPD and trade unions are called upon "to act in solidarity" with the two to three million unemployed.

Lafontaine also defended himself against the accusation of being concerned only with the "solidarity contribution" of those in the middle and higher income groups and forgetting that the profits of large enterprises had practically exploded in recent years. Lafontaine stated that all the SPD resolutions on skimming off profits of financially strong enterprises are useless if the SPD does not have the power to do so. "We cannot put off the unemployed who rely on our help with promises for some other day; rather, we must tell them what we could do now." The deputy SPD chairman also said that he is not disturbed if his proposals are applauded by the supposedly wrong camp. "I like applause from the other camp, because the 37 percent attained by the SPD in the last parliamentary election is not sufficient to create what we have planned jointly," said the Minister President.

But in the almost 2 hours of debate, in which more than 20 speakers participated, Lafontaine met almost exclusively with objections (board member Olbrich: "The tariff-policy tiger has turned into a hissing pussycat"). But Lafontaine received support from the South Bavarian SPD chief, Peter Glotz. Lafontaine's thoughts had brought on an important economic policy discussion, and that is most welcome. After 27 years of party work, he has had enough of resolutions that make only Social Democrats mutually happy. "What we need are resolutions that have an effect beyond our party," said Glotz.

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FINLAND

Boris Aristov Named New Soviet Ambassador
36170079a Helsinki HELSINGIN SANOMAT
in Finnish 26 May 88 p 12

[Text] The Soviet Union will shortly replace its ambassador to Helsinki. After serving as ambassador to Finland for nearly 9 years, 64-year-old Vladimir Sobolev will return to Moscow and apparently retire.

Former Foreign Trade Minister Boris Aristov, 62, becomes the new ambassador on Tehtaankatu [the street on which the Soviet embassy is located].

The day the ambassador will be replaced has not yet been revealed. Both the ambassadorial staff on Tehtaankatu and Finnish officials have been informed of Sobolev's upcoming departure.

Earlier it was assumed that the Soviet Union would not replace its ambassador in Helsinki until after party leader Mikhail Gorbachev's visit to Finland, but it now seems that the replacement will occur quickly in order for the new ambassador to have time to become familiar with his job before the party leader's visit.

Native of Leningrad

The Helsinki-bound Boris Aristov is a native of Leningrad, but he has no particular expertise in Finnish affairs. It has been only recently that Finnish leaders have become acquainted with Aristov, who was the Soviet Union's foreign trade minister.

Aristov became minister in 1985 when Nikolai Patolitshev retired. Aristov's term as minister was brief: 2 years. There was a shakeup in the foreign trade administration about 6 months ago, and Aristov lost his job.

Aristov is a Russian, an electrical engineer by training, and an experienced diplomat and party official.

In the 1970s, Aristov was first secretary of the CPSU city committee in Leningrad. The Leningrad area was then administered by Grigori Romanov, whom Gorbachev later ousted from the Politburo.

Aristov left Leningrad to begin his diplomatic career; he served as ambassador to Warsaw from 1978 to 1983. Aristov was able to observe Poland at close range during the years of crisis, the rise and fall of the organization Solidarity.

Aristov was transferred from Warsaw to Moscow, where he served first as deputy foreign minister and then as foreign trade minister.

Career diplomat Vladimir Sobolev has been a very popular ambassador in Helsinki. Partly for this reason, perhaps, the news of Aristov's coming has been somewhat startling.

Aristov has been characterized as stern and abrupt, maybe due to his years in Warsaw.

Finns who have met Aristov in connection with foreign trade issues say that he is a likable person with a good sense of humor, but that he is also somewhat technocratic, timorous in his standpoints, cautious on foreign trade issues, and tends to repeat standard phrases. Aristov is not considered a jovial father figure and policymaker.

Technocratic and Cautious

This cautious and technocratic attitude is believed to be due to the fact that as a minister, Aristov clearly had not immersed himself in the special questions of foreign trade.

As foreign trade minister, Aristov managed to travel around Finland some; he has also met with President Mauno Koivisto.

Central Committee Member

Aristov still has a party post in Moscow. He has been a member of the CPSU Central Committee since 1971.

Sobolev is the last ambassador holding a post in Helsinki to have presented his credentials to President Urho Kekkonen. Sobolev came here in 1979, and he is now the oldest member of the diplomatic corps.

Bulgarian Ambassador Ivan Vrazhilev inherits the role of dean of the diplomatic corps from Sobolev.

Replacement of the Soviet ambassador does not mean that there are any snags in party leader Gorbachev's visit to Finland. Preparations for the visit are under way both on Tehtaankatu and at Finland's Foreign Affairs Ministry. As far as is known, Finns have begun to work out a form and content for the visit somewhat different from last winter's. The visit is expected to take place in the autumn.

12317/12232

Greens Elect New Leaders at Executive Meeting

36170079b Helsinki *HELSINGIN SANOMAT*
in Finnish 29 May 88 p A9

[Text] Turku—At a delegate meeting held Saturday in Turku, a registered party called the Greens elected as its chairman 64-year-old Lauri Teivainen, a retired education counselor and doctor of philosophy from Kuopio. Surprisingly, in the chairmanship vote, Teivainen defeated Eugen Parkatti, a psychologist from Turku, 12 to 8.

Under discussion just moments before the chairmanship election at the delegate meeting of the Greens (the so-called Paloheimo supporters) was whether the party should suspend all activity for 2 or 3 years. In the meantime, negotiations could be held with the Green Alliance over a possible merger.

At the meeting, the Green Alliance was called the social Greens, while the Greens, a registered party, were characterized as ecology Greens.

After his election, new chairman Teivainen delivered a long speech introducing himself. He carefully explained, among other things, his military rank in the reserves and how he was wounded in the war. He said he has 400 publications in botany to his credit, even though he has worked in the school system, not in a scientific environment. He told how he had submitted current ideas about environmental protection in the 1950s, long before others had.

Chairman Former Social Democrat

The new chairman said he had been a Social Democrat up until 1983 and had served three terms on the city council. Teivainen told the delegation of Greens he was a widely known Social Democrat and among his buddies are Kalevi Sorsa and Mauno Koivisto. "In a pinch, I can ring them both up," said Teivainen, boasting of his good ties to both men.

The meeting of the Green delegates just barely constituted a quorum: after a half-hour wait, the necessary 20 members of the 40-member delegation had arrived. After some shilly-shallying, all 12 members recommended at the meeting—in addition to the chairman—were elected to the party's executive committee. Before that, the decision had been made to elect eight members to the executive committee.

Elected to the executive committee were electrician Jari Elonen from Turku, teacher Ann-Kristin Fredriksson from Kolari, Sirkka-Liisa Havukainen-Laaksonen, M.A., from the Porvoo rural commune, veterinarian Mirjami Hedlund from Kuopio, college student Sesa Lehto from Karjaa, engineer Taito Mikkonen from Kangas, assistant professor Yrjo Makinen from Turku, student Pekka Paloheimo from Tuusula, psychologist Eugen Parkatti from Turku, physician Vesa Sorva from Lahti, physician Tutta Uurasmaa from Naantali, and office secretary Vappu Vironen from Vantaa.

12327/12232

Recently Removed SKDL Chief Helle Named Parliamentary Group Head

36170086a Helsinki *HELSINGIN SANOMAT*
in Finnish 3 June 88 p 6

[Text] Esko Helle, who a couple of weeks ago had been removed from the position of chairman of the SKDL [Finnish People's Democratic League], was chosen on Thursday as chairman of the SKDL's parliament group.

Helle, who is one of the SKDL's socialists, succeeds Jarmo Wahlstrom in the group leadership. Wahlstrom was chosen last weekend as chairman of the Communist Party.

Heli Astala (Communist) was chosen as Helle's partner in the group leadership after Vappu Sailyoja resigned voluntarily from the position of deputy group leader.

The leadership of the SKDL group has traditionally been divided by quotas so that if the Communists have the group leader, the deputy group leader is a socialist and vice versa. The new leaders were elected unanimously, but at the same time it was noted that the old quota division is now outdated.

In the future it was promised that the positions will be filled without regard to quota. Among the members of the group, Esko Seppanen has particularly criticized allocating positions according to internal party mandates.

"Not a Consolation Prize"

Helle's becoming chairman has been considered as some kind of consolation prize after the election for the SKDL chairmanship, in which Reijo Kakela (Communist) replaced Helle.

But Helle himself does not consider the position a consolation prize. The modest-appearing Helle commented abruptly on his leadership of the group by saying that Parliament will probably not fall apart on account of this choice.

He says he thought about what to do for several days. "I undoubtedly had conflicting feelings inside me," he recalls.

Helle is in his second term as a member of Parliament, so he does have sufficient experience for the position of group leader. "I decided to become group leader because I am used to having the group decide. I accept assignments whenever possible."

Helle does not see the group leader has having any special position of status. "The SKDL group is small, much smaller than it was before, so its influence on parliamentary decisions is also less. But the parliament group has its own special position within the party."

In the opinion of the SKDL group leader, the first year of the new Parliament has gone smoothly. The government has not kept Parliament very busy with with politically interesting or difficult legislative bills.

Helle believes the situation will change in the fall when Parliament starts to consider the complexities of tax reform.

"Tax reform has very complicated effects. The government will get into bad conflicts in trying to maintain control of its program, in which it is stated that they will achieve tax reform with neutral effects.

"That is an impossible goal, if the government is trying to direct the course of society. This was last seen in the debate on environmental policy. Environmental decisions must also be connected with tax decision, but it is impossible to adapt a pollution tax to the goals of the government program."

/9611

GREECE

Scenarios for Political Future Based on EEC Presidency

35210114a Athens PONDIKI in Greek
17 Jun 88 pp 6, 7

[Article: "Marching to Many Ballot Boxes!"]

[Text] Now that everything is gradually becoming clear, we can already forecast, chronologically, the course of our political events.

EEC Presidency: We Shall Fleece It!

On 5 July, Andreas will inaugurate the Greek EEC Presidency with a speech at the Europarlament (a job the minister of foreign affairs is accustomed to doing), emphasizing the fact, and showing from the beginning, that he is taking advantage and keeping the leading role for himself wherever possible in this six months. And there are many chances!

As Zhivkov is presiding all year in COMECON, the relations of the two alliances can get ahead sensationally since the first step has occurred: Last Thursday, there was a decision to sign—as PONDIKI wrote first, in an exclusive report on 3 June—a joint EEC-COMECON communique next Saturday in Luxembourg which will re-establish their diplomatic relations....

The EEC "card" has two sides:

First, that of sensationalism which will be played in full: Greece—and Andreas, in particular—is commanding Europe!

Second, the real side: The government is eager to do many things in this sector, only we have not seen any adequate preparation! An objective, at any rate, is for there to also be practical benefits, for us to learn—as Greeks—what a good thing the EEC is and how (and how much!) we can exploit it...!

There is, however, one particular political benefit which is not directly connected to the EEC presidency, but is surely helped by it: Visits by Gorbachev and Dukakis to Greece, if the latter is elected president of the United States in November!

As PONDIKI wrote first in an exclusive report, Dukakis apparently has promised the government he will make his first trip to Greece after his election—and before he undertakes his responsibilities in January.

That is, we should expect him in December—and very possibly we shall see him over the holidays!

As for Gorbachev, he keeps sending messages that “he wants to come” and that his trip here is a matter of time. A recent “omen” is the things Soviet [Deputy] Minister of Foreign Affairs A. Adamishin said to Andreas last Friday: Gorbachev “accepted with great pleasure and gratitude the invitation to visit Greece”—and he will do this “at the appropriate time for both countries....”

The EEC presidency also helps the two visits—in fact, several people with overactive imaginations “foresee” that Andreas will try to achieve the unachievable: A first meeting of Gorbachev and Dukakis in Athens!!!

Let us not forget, moreover:

First, Andreas’ trip to Ankara (in October?).

Second, the permanent—from now on—“bases card” which the government will play as it wishes....

With these international assumptions, and given also that our financial affairs will not go well this winter (to the contrary!), there are many who do not see why Andreas is keeping his promise: to finish the four years...!

Elections? November!

The more...rash say that the ballot boxes will be set up in November, after the government has gained whatever benefits there are to gain from the EEC, and, at any rate, after the U.S. elections. If, however, Dukakis has been elected and is going to visit us over the holidays, will Andreas let such an opportunity pass by unexploited? Some people say that elections will take place before the U.S. elections (Editor’s note: We do not see why!), that is, at the end of October since in the United States they vote on 8 November and the new president assumes responsibilities on 20 January 1989!

An historic precedent exists here: In November 1963 (specifically, on 3 November), elections took place which threw out the Right and brought G. Papandreou’s “Center Union” to power. With 138 seats, Center Union was the leading party, but it was unable to form a self-powered government. It could get support from EDA (28 seats) and (theoretically, of course) ERE [National Radical Union] (132 seats). G. Papandreou made it clear from the beginning that he would not rely on another party, and so the ballot boxes were re-erected on 16 February 1964 and Center Union was triumphant, winning 171 seats.... At that time, Andreas was first elected a deputy....

So some people are suggesting to the prime minister that...he follow tradition: November, and then we will shall see!

Elections? February 1989!

The less rash are sure that we should have the voters’ books ready in February 1989: Andreas will complete the EEC presidency, he will take care to exploit Dukakis, he will drag out a sound budget and...then, serene, he will say to us: Vote for me now!

This interpretation is supported by most of those who are of the opinion that PASOK will definitely hold early elections....

A basic argument: The EEC presidency ends, the two visits we referred to before occur—if they occur—and we go to elections within this Euroglory!

Elections? 18 June!

And, of course, there is also the interpretation that double ballot boxes are always more advantageous:

Therefore, since the EEC set Sunday, 18 June 1989 for Euroelections (except for three countries, England, Denmark and Ireland, which will vote on Thursday, 15 June), two ballot boxes will be erected then...!

The arguments in favor of the double ballot box have been told a thousand times: The citizen angry with PASOK vents his wrath by voting against PASOK for the Europarliament and (facing the...eternal dilemma: better PASOK “outraging” than the “hateful Right” returning) casts, even if by “green” force, a ballot into the ballot box for the national elections.

Of course, this happened only in 1981 (the next Euroelections took place in 1984 and the national elections in 1985) and, according to one interpretation, the “double ballot box” may become a boomerang: a double no!

There is also the version of the third ballot box—with a referendum on the bases—and the fourth ballot box—for the regional councils....

This is always with the theory that the more times one votes the more he vents his anger—and keeps his “good vote” for the national parliament.

And Again Elections!

Regardless, however, of when the next elections occur, it is almost certain that ballot boxes will be erected again in the spring of 1990:

Given what is true today, it will be difficult, if not impossible, for the Chamber of Deputies which emerges from the next elections—whenever they take place—to elect a president of the republic, unless the two big parties agree on the person, something which is...logically excluded....

How many votes are required? 180. Therefore, the Chamber does not elect a president and we go into elections with a "presidential complexion": Whichever party forms a government will also elect a president since only the force which the new government will have in any case in the Chamber, that is, 151 votes, will be required....

Presidency and Simple Proportional

At this point, a big double game will be played:

1. The 1990-95 presidency
2. The simple proportional system.

Andreas wants to end his career in the presidency and this is known and legitimate: After 25 years of participation in public affairs and having won three elections (Editor's note: If he loses the coming elections, everything ends—this must be considered a given...), it is logical for him to want to jump to the presidency of the republic as soon as the current president's term ends, that is, in the spring of 1990, whether the new Chamber can elect a president or—more probable, as we reported before—it cannot.

A scenario by no means scientifically fanciful says that Andreas:

1. Will lead the country to elections (in November 1988 or February 1989 or June 1989) with a system less... "thievish" than today's, which, at any rate, will favor the leading party.
2. Will promise, before the elections, the establishment of the simple proportional system as one of the first tasks of the new Chamber so that the ("presidential") elections of 1990 will occur with this (very desirable for the small parties) system!

Such a thing will lead to an "Italianization" of the political life—as the prime minister said in his interview in PONDIKI—the only difference being that Andreas will have the leading role as president of the republic!

And this is so whether the current prime minister jumps directly to the presidency after the elections which will occur when the Chamber emerging from the elections of 1988 or 1989 is unable to elect a president, or later.

Candidates for Prime Minister

In the first case, a prime minister will be needed—and for this role (with the present facts) "not a few are contending":

1. The president of the Chamber, Giannis Alevras.
2. The vice-presidents, Giannis Kharalambopoulos and Menios Koutsogiorgas.

These three are old and close colleagues of Andreas who justifiably have a head start....

3. Some of the "young ministers" who are considered successful (for example, Gennimatas or Simitis).
4. Certain of the technocrats who are advancing in the state or party machine.

(Naturally, Giorgakis has ambitions, but for quite far down the road....)

Candidates for President!

In the second case, a president of the republic will be needed who is ready to withdraw when Andreas wishes it—and here the first two referred to before remain favorites: Giannis Alevras and Giannis Kharalambopoulos.

The "Alevras Matter"

As regards the former, a favorable climate has been created from now on for such a solution, as we already read in the daily press:

Andreas said to the Chamber that Alevras is a political "personality who has a great history in our country, a history up to the present and a history for the future."

This was interpreted by the president of the Chamber's entourage as an innuendo about Alevras' eventual promotion to the presidential office—and this has been written!

Uncle Giannis himself, speaking on Friday with parliamentary writers, "let it circulate," as (Harry Klein) says about the rumors! His dialogue with ELEVETHEROTY-PIA reporter Dora Dailiana, who asked him about it, is characteristic:

"How did you interpret the prime minister's phrase?"

"Which me do you want? President of the Chamber or in another capacity? As president of the Chamber, and as long as I am speaking now about an assessment of the body's proceedings, I will answer you: You are not keeping to the point!"

"And was the prime minister not keeping to the point?"

"No! Your question is not to the point.... Anyway, I do not know what the prime minister's words meant. It would be tactless and insensitive for me to ask him or to explore the matter...."

The Current President!

Aside from the two Giannises, however, in this case the current president of the republic also stands as a candidate!

Having essentially changed his relation with the press, Khr. Sartzetakis is not only looking at a "good two years" but also a second five years, if conditions allow it...!

And Karamanlis?

Since, however, we have come to...presidents, let us close this with a...much discussed former president—Karamanlis!

His own people want to pull him out on the presidential balcony in the next elections—and then we shall see!

He himself has naturally not decided yet but he is discussing it more and more!

If he does not, in the end, come into these next elections, then he "will play" the "presidential card" in others!

The leader at that time of New Democracy (whoever it may be) will hurl the slogan, "Vote for ND so we can elect Karamanlis president," a slogan which it would be hard to hurl now:

First, because...Mitsotakis would say it!

Second, because whichever party wins the elections will not be able to elect a president.

Third, because Sartzetakis' term ends in the spring of 1990 (that is, even if elections occur in June 1989, there will still be a whole year to go!) and the current president does not appear to be willing to resign if (we say theoretically, if...) ND wins the elections! His argument, beyond "my term ends in the spring of 1990," is Karamanlis and Andreas coexisting for four whole years....

Are we right that political developments for the (not immediate but not very far off) future have begun to be illuminated somewhat?

NETHERLANDS

Background to Lubbers' Criticism of VVD, Crisis
36140022 Rotterdam NRC HANDELSBLAD
(Supplement) in Dutch 11 Jun 88 p 1

[Commentary by J. M. Bik: "Humorless Masterstroke. VVD Takes It on the Nose in Lubbers' CDA Arena"; first paragraph is NRC HANDELSBLAD introduction]

[Text] Rumbles of crisis in the Binnenhof. Were Lubbers' recent attacks on his coalition partner, the VVD, mainly intended to restore the balance within his own CDA? And is there really a danger of a breakup between the coalition partners? An analysis.

For months the reports of political troubles in The Hague had been accumulating slowly. But it was only this week that an acute air of crisis surrounded his second cabinet. It seemed as if Ruud Lubbers I had suddenly returned, the mysterious CDA faction chairman from the late 1970's when nobody knew what he was planning or what made him do what he did.

Is this the end of no-nonsense Lubbers? Why is the premier suddenly threatening the unity of his coalition, with his tough talk to the VVD, rather than promoting it? Why has he already announced his interest in heading the CDA list in the next elections?

Everybody is trying to guess his motives. Forty-nine-year-old veteran R. F. M. Lubbers is standing on two ice floes that are slowly melting and moving apart. He says he wants to continue to govern. And at the same time is conjuring up a crisis by publicly threatening one.

De Koning, his old political godfather, friend, and fellow minister, told ELSEVIERS 2 weeks ago that a crisis could come "any day." This week De Koning, informant in 1986, corrected himself by telling TROUW that there will be no crisis because that is not in the interest of the cabinet or the coalition parties. Although he added, "The situation is unmistakably threatening."

Lubbers does not tolerate any jokes about his personal integrity. The VVD found that out in the mid-1970's when it questioned his involvement as minister with the Nederhorst construction company. The Lubbers family firm had showed an interest in some of that bankrupt company's property. Marcel Van Dam also found that out a few years ago when he described millionaire Lubbers in the Second Chamber as the "lubbering" extortioner of the mythical John Q. Taxpayer.

The WIR [Investment Account Act] is also a very sensitive subject for Lubbers. As a young minister of economic affairs ('73-'77), he thought up this investment premium and helped introduce it after a tough struggle in the Den Uyl cabinet. Then he and his investor brothers/businessmen were overtaken by the R3 affair (purchase of real estate with WIR premiums), which was

nasty just from a public relations standpoint alone. He himself was not involved but the affair put him in a strange light as minister and taxpayer. Just recently Lubbers was sharply criticized for enthusiastically skirting around the truth as late as the Friday before the weekend on which the abolition of the WIR premium was announced.

Chimera

That may have been the reason why on Saturday of last week Lubbers reacted rather violently in a CDA party council to charges from a backbencher which he himself had rather strangely blown up. Those who had forgotten Lubbers' sensitivity in re integrity might have viewed that as a case of overacting. After all, VVD'ers were shouting all in chorus that MP Nijhuis' remarks about possible "leaks" before the abolition of the WIR were not meant at all the way he took them and that the premier was imagining things. Faction Leader Voorhoeve, extra dignified and solemn amid all the controversy, spoke of a "chimera." Was there really something more to it than that?

No, there was little "more," but nonetheless Lubbers' WIR excitement was real. A minister confirmed that over the telephone.

That, however, is not a satisfactory explanation for the threats of a crisis. What is probable is that Lubbers the cool politician quickly managed to win over Lubbers, the hurt human being, to the idea that just irritation can also be used for a useful political purpose. And then the VVD was in for it.

The crisis material that Lubbers can take stock of after 6 years as premier consists in part of weariness and irritation at the refractoriness of the many problems the Government faces. Most of the ministers have already been at their post for 6 tough years, they are familiar with one another and know one another's habits and tricks backwards and forwards. Solidarity in budget cutting? Protecting one's brother, regardless of brother's purse or party allegiance? Recent interviews show that some ministers feel themselves squeezed dry financially and emotionally (Deetman) or have absolutely no interest in paying for their colleagues' troubles any longer (Van Dijk).

In the cabinet, party differences regularly fade among the ministers, who have learned to worry about the virtuosity of the premier, the champion dossier expert. As specialists, the ministers have slowly acquired a feeling of solidarity with their civil service staffs and thus often stand up for those staffs in difficult cabinet sessions—"Don't give in again, friend minister!" Sharing an interest in the same policy area, the ministers and "their" standing committees in Parliament have gradually gotten used to one another—sometimes there is even a bond between them. It is all pretty inevitable after 6 years but it is not good for the cabinet's homogeneity.

Then there is something else too: the CDA and VVD blocs of ministers differ in weight, not only in numbers but also in political skill. For various reasons, most of the liberal ministers have a quiet post and little inclination to strive to display themselves as clever politicians. Korthals Altes is waiting for the end of his career. Van Eekelen is not the type. Nijpels is recovering in an unusually quiet fashion from his fall as faction chairman and a crisis now would come far too early for him.

Above all, Lubbers' troubles are connected with the divisions among the main personalities in the CDA: each one's personal role, the Government's policies, the party's course, and the relationship between the ministers and Second Chamber faction of the CDA. The most serious problems lie in the Lubbers-Minister of Finances Ruding-Faction Leader De Vries triangle. And that since way back in the summer of 1987.

It was with pleasure—which passed for something more attractive—that many members of the faction saw De Vries begin to act differently, more self-confidently, as faction chairman after the May '86 elections than he had in the past as the "sous-chef" of the premier and his haughty cabinet of doers and heavyweights. He had put his own stamp on the platform and negotiated the coalition agreement with the VVD. "You'll have to pay more attention to me from now on," was the message from the faction, now grown to 54, in which De Vries knows he faces little political competition. It is an open secret: De Vries saw (and sees) an opponent in Ruding, the distant "bookkeeper," whom he also considers a "rightist" electoral handicap for the CDA.

That it was that Ruding of all people who cheerfully amended that coalition agreement in the '86 cabinet formation, made known his reservations (and got the premier to accept them) was highly painful for De Vries, who was rapidly emancipating himself politically. Also painful was the fact that election winner Lubbers publicly distanced himself from that agreement ("I wouldn't have written it like that"). The new, irritated De Vries made his appearance in fall '86 when he compelled State Secretary Brokx to resign against Lubbers' will. According to Brokx, the premier said at the time: "Bert De Vries is just like whipping cream: if you stir him up, he gets stiffer."

Inspired by De Vries, current differences of opinion in the CDA triangle more often involve the CDA's "social face." De Vries is more interested in aiding the worst-paid and increasing child assistance than in what he views as hobbyhorses of Ruding's and the VVD's: tax cuts and giving back unexpectedly high tax receipts. Thus the fat was in the fire in late summer '87 when De Vries had to learn from another member of the faction at his vacation address that stay-at-homes Lubbers and De Koning in The Hague had found tax receipts exceeding expectations and just to be on the safe side had already promised publicly to return the surplus to the citizens.

That took place before there was any chance to talk about some other, more socially-minded use of the surplus, as many in the CDA faction would have liked. An angry De Vries felt he had been intentionally snubbed by his friends. He saw in Ruding the evil genius and continues to do so despite all his later denials. It was in such a mood that De Vries took his solo turn last September with his "Bert norm," the proposal to fix future Netherlands public sector expenditures at 60 percent of national income, regardless of "Europe '92." Far more than the "regular opposition," he made himself heard in October with a tough attack on cabinet proposals in the '88 budget which he considered a threat to the desired social face of the CDA.

But these very proposals turned up again this spring in the Easter Package which was worked out with such difficulty by the divided cabinet and which the Second Chamber was not to mess with. Ruding: "...because that would cause trouble." Reaction of the once again insulted De Vries: "The cabinet's package is asocial." Feelings were now not at all what they should be. A collision in the chamber, possibly even a fatal one, between cabinet and CDA faction, between Lubbers and Ruding on the one side and De Vries on the other, seemed unavoidable.

Muddling Through

De Vries had taken a risk, he had considered the possibility of Lubbers, the '86 list-leader and vote-winner, uttering the word "unacceptable" in the chamber. Some ministers (Ruding and De Koning for example) would have been happy to see the CDA faction driven back into its kennel, if necessary with that dangerous word "unacceptable." But the word was not spoken, the premier was unwilling to speak it or did not dare to do so, the CDA faction was in its glory. Thus there was no winner in latest great public confrontation within the heavyweight CDA triangle and that is possibly the reason why since then the second Lubbers cabinet has so visibly been "muddling through," as Minister Deetman recently told TROUW.

In fact the Easter Package received quite gentle treatment, on an altar—only apparently restored—of dualism between Government and chamber. The CDA stood somewhat firm, to considerable applause from the opposition, the cabinet did something to accommodate the largest party in the ruling coalition. And, it was just a few months ago, VVD leader Joris Voorhoeve came out—to still more applause from the CDA faction—with a "tactical," social-liberal compromise position to make his contribution to avoiding a decisive show-down between the struggling parties within the CDA. Thus, much of the natural political tension between the coalition partners disappeared in a surfeit of peace and amity in the center.

In the Easter debate De Vries thus saw his colleague Voorhoeve win the parliamentary fair play cup. And he observed that the hesitating Lubbers did nothing to

define the internal CDA correlation of forces more clearly. The premier preferred CDA unity in shaky compromise to unity imposed by personal authority.

Since then De Vries' hand has reached further into the weary cabinet, where the premier is "caught" between Ruding and De Vries, between major problems and divided CDA ministers. "Oh yes, if the VVD moves to the left of Ruding, then the normal tension within the coalition will be gone, then the cabinet can just hang it up as far as standing up to De Vries goes," is what a CDA minister is saying now.

Now Voorhoeve of all people has suffered what even Nijpels never suffered: Lubbers is calling the VVD an enemy on account of "slander," and 2 years before the next regular election date at that. He must be doing so just to be on the safe side. For all the reasons discussed above, the cabinet is facing great problems and it is a real question whether it will be possible to draw up the '89 budget this summer. If not, then early elections might well find list-leader Lubbers facing voters with a bad hand of cards.

Difficulty

Economically, he is getting somewhat more of a tailwind. But the major operations that are supposed to make his second cabinet a success and which accord with his motto of "Progress and Renewal" are still far from complete. For example: the reform of student financing, the Oort tax plans, and the Dekker health proposals. Lubbers is personally very interested in the last two in particular. That he is prepared for a crisis does not necessarily mean that he wants one. On the contrary, it is very much in the Lubbers style to take the maximum practical advantage of such a difficulty. And he needs to do so because so far the major operations are still not very popular with voters. Whether correct or not, many voters are concerned, having heard the opposition and De Vries, that all those big, complicated Hague plans will reduce their income. Too, they have realized that the CDA is pretty divided over them. That is not a good point from which to start an election campaign.

Seen in this light and now that it is certain that Delors' position as head of the European Commission in Brussels will not be available until early '91 at the earliest, Lubbers' early announcement of his interest in heading the party list in the next election had more than one purpose. He saves face in the short term vis-a-vis his European colleagues and has given encouragement to his party and the cabinet. This was very desirable because the CDA had invested its political capital heavily in the cabinet and high party officials had become very concerned precisely for that reason. After all, one wretched CDA'er after the other was becoming a growing symbol of internal division (Ruding, De Vries) or was starting to "flake off," like Deetman with student financing or even a "crown prince" like Van den Broek in the passport

question. And this was all the more serious in view of the anxious question of whether the premier would be available again as electoral locomotive in 1990 (or earlier).

With a single stroke, by announcing his interest in heading the party list, Lubbers has attempted to remove a great deal of internal CDA worry. And en passant, with an eye on coming confrontations, he has made it very clear to De Vries and his faction who is boss in the party today and in the future. Thus he has, as it were, done what he failed to do in the Easter debate. To help preserve the very necessary balance, the VVD too received a warning shot across the bows as regards the Dekker plans, along with some WIR rumbles. That was done not just for business reasons or because of Lubbers' personal unhappiness but also by way of a flanking movement against the CDA.

The stroke worked. This week De Koning toned down his dire prediction about the lifespan of the cabinet and a CDA-VVD compromise on Dekker came into sight. Maybe there is not that much wrong with Lubbers after all.

12593

NORWAY

Poll: Middle Parties' Voters Favor Conservatives Over Left

36390075 Oslo AFTENPOSTEN in Norwegian
27 Jun 88 p 2

[Editorial: "Cooperation is Necessary"]

[Text] Curiously enough, an opinion poll conducted by Opinion A/S for ARBEIDERBLADET covering among other things the center parties voters' opinions regarding the question of political cooperation has gone relatively unnoticed in the media's discussion of the current political situation. Briefly, this opinion poll, which was published last Friday, showed that if Kjell Magne Bondevik and John J. Jakobsen had listened to the majority of their own voters, they would, without doubt, have concentrated on cooperation with the Conservatives rather than on making compromises with the Labor Party. Thus, a change in government would also have been a realistic possibility.

Among voters of the Christian Democratic Party and the Center Party, 51.9 and 55.3 percent, respectively, answered that the Conservatives are the natural coalition partner. Among Conservatives, 69.3 percent considered their own party the natural coalition partner for the center parties. In other words, a very clear vote from the voters. There should indeed be a psychological basis for a new political rapprochement between the three previous government parties.

Nevertheless, the Conservatives, the Christian Democratic Party, and the Center Party continue their walk in the desert, and this cannot change as long as they are evidently unwilling to rally their forces around common goals. However excellent and marvellous they might be in their own eyes, the three parties—each on its own—do not have the power to conduct a purposeful nonsocialist policy. And as long as neither of them is large enough to be able to determine the political development alone, they are dependent on a coalition to carry out what the voters themselves want. And nobody should doubt that it is a nonsocialist society based on the values and basic positions they largely agree on.

Now, however, they themselves say that this goal is unreachable if Bondevik and Jakobsen should think that their political views are better served by cooperating with the Labor Party than by playing in tune with the Conservatives. In such a case, they chose a direction which is incompatible with a nonsocialist view of society. The ability to conduct a nonsocialist policy requires a nonsocialist government, and both now and in the foreseeable future, this is equivalent to a coalition forum, where the participating parties are dedicated to basic common goals.

The Conservative leadership maintains at all times that the party is "an ardent supporter of a nonsocialist coalition." To the extent that this can be interpreted as something other than mere rhetoric, it is well in agreement with an honored tradition in the Conservatives' modern history—primarily related to names such as John Lyng and Sjur Lindebrakke. Later, both the efforts and motivation have been more varied, even though during certain periods the Conservatives have certainly played a central role in the development of a formal nonsocialist coalition.

In today's situation, the Conservatives are primarily occupied with making a mark for themselves. How successful they are is no doubt open to discussion, but, among observers, the general view seems to prevail that the Conservatives' strategy has benefited neither their own party nor the general political development.

12831

PORTUGAL

Evidence of Internal PCP Trouble Discussed

Cunhal Seen as 'Prisoner'

35420100 Lisbon O DIABO in Portuguese
15 Jun 88 p 7

[Text] It can be said that the jury is still out on the PC crisis. In addition to the standoff of the "six," the "Southern Flank" rebellions and others that have been announced everywhere; in addition to Zita Seabra's

departure from the Political Commission and the resignation of Vitor Neto from the Central Committee; in addition to the resignation of other officials, there are some other situations that require a bit of attention.

It is no longer a secret that the PC Congress, which has been postponed until summer, could result in the purging of the "restructurers," accused of being factionists, as we have predicted here—in light of the laws modeled on Soviet theories from 1923, when the PCSU declared a monopoly on the elimination of factions, factionism is a crime of "lese majeste." It has never been approved. And it has always been punished—by expulsion.

Only with great difficulty will the "six" avoid this fate. Domingos Abrantes, by invoking the Stalinist argument that "the party strengthens itself by purging itself" (a tenet of Lassalle that Stalin reclaimed), made clear what he had in mind. There would be no other way out once the leadership of the PC took the extreme course, and he added that "we will remain at 50,000 if necessary, but all of us communists."

Meanwhile, under current conditions the PC leadership has no alternative but to delay sanctions until they can be presented in the congress, in order to convert them into a demand coming from the party's base, the people. To present it as a democratic decision. The "six" are well aware of that. And they know that if they want to continue the struggle in the party they will have to step up their activities—their time is limited. They have to force the leadership to expel them, a necessary condition for returning in the future when the time for change will finally have arrived by other means. Their return will be more difficult if their expulsion is seen as reclaiming the support of the people, implying a co-responsibility on the part of the militant cells.

This is where the "dinosaurs" of the secretariat are involved. They want to safeguard their future, for the time when the protective shadow of Alvaro Cunhal no longer exists. For that reason, the time pending until the PC congress will be taken up by an intensifying of conflicts.

A second aspect has also been mentioned here in previous analyses. Cunhal mistrusts "perestroika." It reminds him of Krushchevism, which was the fashion of the time in the USSR. He has good contacts in the USSR and knows that the resistance of the "orthodox" faction, well positioned in the apparatus, is serious, as they attempt to impede progress toward Gorbachevism—there is a struggle underway, a genuine class struggle that is worth analyzing in detail. The decisive struggles in Moscow are yet to come.

Awaiting the PCSU National Council

This month, a national conference of the PCSU will determine whether or not Gorbachev will have free rein to take new steps against the men of the apparatus ("apparatchiki"), or whether or not "reform" will be impeded.

This PCSU conference will have repercussions in the PC of Portugal as well. If Gorbachev wins, it is certain that new controversies will arise in Cunhal's party, with the "restructurers" forcing the road to "change." Should Gorbachev be stymied, the hopes of the "restructurers" and the "centrists" will go up in smoke.

That is to say, from the end of this month, the conditions will have been created for the worsening of the internal contradictions of the PC.

"Centrists" Were the Immediate Danger

Third aspect: the fall of the "centrists." There are indications that Cunhal, upon finding that which we have analyzed in this newspaper, will attempt to clear the way for the confirmation of the "centrists," which would definitely mean the fall of some of the "hardliners." This was perceived in time by the "orthodox" clique: Carlos Costa, Carlos Brito, Domingos Abrantes, Octavio Pato, Angelo Veloso and their colleagues. This is what caused the counteroffensive they unleashed, directed not against the "renovators" but rather against the "centrists."

Alvaro Cunhal is prisoner of those he has placed in high positions. The same thing has happened to him that most certainly happened to Carlos Prestes in Brazil. To avoid the mistakes committed by the Brazilian communist leader, Cunhal blocks the way of younger leaders and is committed to not repeating tactics made earlier, when the directional struggle within the PC also reached great importance. Cunhal cannot today be the leader of "centrism" within the PC.

Under these circumstances, there is only one way out of the crisis: the expulsions that will soon be forthcoming.

Zita Seabra's 'Perestroika'

35420100 Lisbon DIARIO DE NOTICIAS
in Portuguese 7 Jun 88 p 7

[Editorial]

[Text] No doubt one of the most stimulating phenomena generated by perestroika is the "political factor" of media relations among the various countries. Portugal is no exception. Who would have thought that we would be witnessing this wave of sympathy for Soviet policies and political leaders? After an initial period of high expectations, curiosity and doubt regarding the strength of the will to change in the USSR and the PCSU, perestroika has won the right to be noticed.

The traditional and tiresome anti-Soviet campaign has given way to new events, which continue to surprise those who attribute to dogma the errors and distortions of the socialist system accumulated over many years.

That the Soviets have learned how to win over (and "use") the world media and the news agencies and television channels (so often in private hands and associated with multinationals and large economic groups!) is an undeniable fact. And they have also learned how to elicit a sympathetic and cooperative image, well illustrated in the polls (in the USA, the European countries and even in Portugal).

The fact that they have succeeded in taking their ideas to the world, and that their actions are also news in every country is something that would have been absolutely unthinkable 3 or 4 years ago. Who would have thought back then that a book of essays by the Secretary General of the PCSU could become a best-seller around the world, read by friends, enemies and the common citizen?

As the Soviet press often notes nowadays, this is the result of a great deal of thought. The efficiency of the new methods is clearly superior to tons of propaganda pamphlets which, often having little to do with reality, are frequently transformed into authentic counterpropaganda. Now, the Soviet media looks not only at daily changes in Soviet life, but also at the seriousness of the ideological and political problems that have been identified.

It is a new fact that there will be (and there already have been) enormous consequences. The Soviet Union and other socialist countries have stopped seeing in the media something intrinsically hostile, and have turned rather to the media as an essential vehicle for conveying to the world's people the ideas that are being announced and the reality that is being built. Thus a (fundamental) agreement has been struck: Policy, in the democratic sense of the term, is to be enacted with the people; not just for them, and much less against them.

A Critical Time

Reform in the Soviet Union is now undeniably entering a crucial time.

After initiating the economic restructuring, balanced by the democratization of society, it was announced that next 28 June there would be a national conference on the democratization of the party.

This conference follows others that have already taken place in Bulgaria, and more recently in Hungary on the same topic.

What is in question is not simply the surrender of one generation to another, but rather the capacity to alter centralized, closed and authoritarian party functions, which are unequivocally one of the fundamental causes of the problems being discussed in those countries, in various contexts.

As a result of well known deviations, the circulation of ideas suffered a retreat in which open debate faded, a phenomenon typical of communism before and after the October revolution. It is proof that the lack of exchange of ideas, and of mechanisms that permit a normal succession of leadership, create problems which ultimately lead to authentic "socialist monarchies" (where there is no lack of sons to serve as "heir apparent," that is, predestined successors to their father).

It being evident that the communists had long ago evaluated several of these problems, the question is to what point Gorbachev will be able to create the mechanisms of partisan democracy, objectively diminishing the powers he holds today and which in principle could be perpetuated. In Hungary, important steps have already been taken to resolve this issue.

The election of delegates by secret ballot and, much more than that, the broad range of ideas now circulating throughout the PCSU and all Soviet society, lead us to consider the enormous importance this conference will have, and how he will be able to distance himself from certain precedents, consisting of a series of tiresome and adulatory speeches in a scene completely planned beforehand (in a manner so detailed as to include not only the speeches but also, at times, the applause emphasizing key points.) Gorbachev calls it a return to the concepts and forms of the Leninist party. For example, the method of discussing the possibility of eventually limiting the term of office of the leaders, the announcement of the complete reorganization of the cadres, the substitution of voluntarist concepts for the controversial calls for increased creativity, the substitution of bureaucratic and stultifying conformism with the diversity of creative thought, all constitute an undeniable radical change.

To verify how far the conference on the restructuring of the party will go is fundamental for evaluating the near future of the Soviet Union and the speed with which perestroika will be implemented.

The Democratization of the Party

It being evident that the situation today is no longer like that of before perestroika, and that society is experiencing a deep democratization, of which we receive news every day, it would appear to be undeniable that consolidation of all that would only be possible (especially in a single party system, as the Soviet system continues to be) with the democratization of the party itself.

As evidence that this democratization is in progress it is sufficient to contemplate one simple fact as an example: some days ago, Miguel Urbano Rodrigues, in an article in the newspaper O DIARIO on the trial in which Eltsin was demoted from the PCSU politburo, was able to freely describe the acts of the meeting of the Central Committee, it being certain that his defense before the CC is also publicly known...

In truth, democracy signifies, first of all, the free exchange of ideas, and the society's ability to have (efficient!) mechanisms of critical control apply to its leaders.

In the USSR, until now, the greatest criticism and the greatest reform have only been able to take place after the fact, that is, criticism has been aimed at the past, not at the present. Thus it was after Stalin, Krushchev and Brezhnev. I now believe the determination to modify this situation to be genuine, as evidenced by the open road to the free exchange of ideas—that which the Soviets themselves call socialist pluralism—but also by the institutional reform that permits effective popular participation in social and political life.

Rejecting simplistic hypotheses on the "approximation" of systems, perestroika and the reforms in other socialist countries are, in fact, posing new challenges to the communists and rehabilitating the hopes of all those who believe in socialism as the road to a more just world, and as a measure of people and their problems.

Predictions on December Congress

35420100 Lisbon O JORNAL in Portuguese
17-23 Jun 88 p 15

[Text] The editorial in AVANTE, in which Dias Lourenco proposed a restructuring of the PCP limited only by "ideological principles and the class character of the party," has brought down on him the discontent of the Secretariat and a significant decrease in influence.

Dias Lourenco is now, with Diniz Miranda, among those historical leaders that the December Congress will probably replace, in the course of a restructuring that the Secretariat has devised along age lines. It is a process that threatens, in this case, two militants with worker origins, who have had long professional careers before becoming integrated into the party apparatus and who have preserved on several occasions their independent thinking with respect to the secretary general.

The fact that Dias Lourenco was the author of the editorial on the "Process of Restructuring and the Preparation of the Congress" of 12 May and that this has caused discontent among elements of the Secretariat, means that some of the stances that have been considered signs of a recovery in critical areas acquire new meanings. In the end, the issue is that of individual attitudes, dissenting from the official position of the secretariat, but able to be reabsorbed by the apparatus, even permitting a partial readjustment in its image without an actual counterpart political restructuring.

Victor Neto Against the Censuring of Information

All this indicates, in fact, that Dias Lourenco's spirit of openness has been subject to opposing demands.

One of the reasons given by Vitor Neto for his resignation from the CC in the letter he addressed to Alvaro Cunhal was precisely—and in addition to the behavior of the leadership in the Zita Seabra case—the mode with which perestroika has been treated in MILITANTE, AVANTE, and O DIARIO, translated into a distortion of the events, one example being the presentation of the results of the National Conference of the Hungarian Socialist Workers' Party.

Another recent example is O DIARIO's reporting of the decision of the Supreme Tribunal of the USSR, which deemed the Bolshevik leaders Zinoviev, Kamenev, Piatkov and Radekof, who for some time had constituted the "Leftist Opposition" to Stalin led by Trotsky, innocent of the accusations that brought them to the firing squad. O DIARIO found it necessary to emphasize that the tribunal "did not opine on the positions of a political nature defended at the time by the above mentioned leaders," which would evidently have been outside its authority.

Perestroika continues to be, then, a sensitive issue for the communist leadership, despite some audacious measures such as the interview of Vadim Zagladin with the DIARIO DO FIM DE SEMANA.

Thus it was that in several meetings that took place last week the militants were warned that the article published by Zita Seabra on perestroika in the DIARIO DE NOTICIAS did not have the approval of the leadership.

The expectant hesitation of the PCP leadership with respect to the XIX PCSU Conference, which will begin 28 June, is evident. And despite the fact that the possibilities already elaborated by the debate in the Conference have naturally deserved the greatest attention on the part of the PCP, there is almost no trace in its press of the most important issues.

13026

SWEDEN

Conservative Party Platform Stresses Economic Issues

Bildt Cites Coalition Goal

36500139 Stockholm DAGENS NYHETER in Swedish
29 Jun 88 p 11

[Article by Kaa Eneberg: "Bildt Positive About Coalition: Nuclear Power Not a Stumbling Block"]

[Text] Jonkoping—The Moderate Party, which opposes the development of nuclear power in Sweden, does not foresee problems in governing in a coalition with the Center Party in a nonsocialist three-party government. The Center Party, which supported the decision of the Social Democrats to begin phase-outs in 1995, is entirely reconciled to carrying out a "realistic energy policy."

This is what the Moderate party leader, Carl Bildt, said at an unofficial press conference last Tuesday, after he, together with the party leadership, drafted out the party's campaign platform at a TV-A meeting in Jonkoping.

Carl Bildt called the conference himself to present the Moderate campaign manifesto, which involves a reform program which the party council has called the most ambitious ever to be presented in Sweden prior to an election. It was written with intentions for use in the next electoral term, but, according to Bildt, the reform agenda is so broadly based that it will take at least two electoral terms to accomplish all of it.

New Slogans

Despite the extent of the massive prospective changes in Swedish society, Carl Bildt did not want to take up the old Moderate slogans like "Changes in the System" that were recurrent as recently as the last electoral campaign. Without blinking an eye, Carl Bildt held his own where he sat, under the new Moderate motto, "Ideas for the Future," up to the point that the phrase that was printed on the Young Moderates' jerseys was only said to be "an invention of Olof Palme."

The main points of the manifesto were drawn from the reforms which the party has already agitated for in the Riksdag, in some cases with the support of the other nonsocialist parties. First and foremost is the demand for a tax reform program involving general tax relief (at 1 percent, or 1 billion per year); lowered marginal taxes (at 4-5 percentage points as early as 1989, with the goal of 35 percent for most people and 50 percent for those with the highest incomes); and a new family policy, with custodial subsidies to facilitate alternative forms of child care. Family reforms which the nonsocialist parties have presented together are included again in the Moderate manifesto, with the heading, "Strengthening the Family." The lowering of taxes is said to be financeable without having to raise other taxes.

Strong

Other old Moderate goals are also to be found in the manifesto, such as the abolition of employee funds, constitutional protection for property owners, distribution of ownership by means of sales of stock in state corporations (among other things), expanded housing ownership by means of tax-free housing savings accounts (among other things), the abolition of monopolies in radio and TV, and a strong defense program with an earlier disposition of the next official defense decision. There continues to be stress on future membership in the EEC. They firmly state that "in the future, no form of Swedish participation in European cooperation should be ruled out." The Moderates have previously talked about EEC membership, but in the past few years they have contented themselves with the harmonization guidelines agreed upon by the Riksdag, and which Carl Bildt believes allow freedom of action.

Bargains

The so-called bargains which the Moderates are thinking will drive the Social Democrats in the electoral campaign, as the motivation for a shift in administration, have set their stamp on the manifesto. A special section talks about the necessity that "the rights granted by our state be maintained." The manifesto stresses the necessity of having "laws that apply equally for all, and governing powers that act according to the law." The Moderates want to give the courts more power to determine if government decisions are constitutional, and to strengthen the rights of individuals in tax litigation.

At his presentation on Tuesday before the party council, involving some 70 party members, Carl Bildt declared that the goal in this election is to work towards a three-party government with a majority in the Riksdag. The government should be as strongly Moderate in character as possible. The vast changes which the Moderates see as necessary during the next electoral term necessitate a majority in the Riksdag.

"Minority parliamentarianism, of the type that we have seen during the past few years, always yields the worst kind of conditions for getting things done," the Moderate leader said.

No Stumbling Blocks

In the follow-up press conference, he said that he foresaw no large-scale stumbling blocks in a three-party government. Not even in energy policy, which has divided the three nonsocialist parties to the degree that they each have followed a different party line in the nuclear power vote.

Carl Bildt welcomed the fact that the nuclear power issue has not been a big topic in the newly drafted Center Party policy. He said that he believed that this increased the possibilities for a good nonsocialist coalition government. He did not want to go into further details, but said that he had heard that the Center would be promoting "a realistic energy policy" in an upcoming nonsocialist government.

The Moderate leader said he believed that the phase-out slated to begin in 1995, by government decision, would not be an issue for the next few electoral terms. The decision requires the introduction of a new energy production source by 1995. How a future nonsocialist government is going to manage this "control stage," Bildt would not reveal. He only pointed out that the control stage, "roughed out" by the Social Democrats at their party congress and supported by the Center, had not been "properly defined." The definition of what it meant would have to be drawn up by the nonsocialist government, according to Bildt. All further questions on

that theme Bildt fielded by saying that the leaders of the nonsocialist parties, who were talking about everything "between heaven and hell," knew "pretty well where we stand."

[PHOTO CAPTION] Carl Bildt was positive about governing with Center, but said he did not want to participate in a minority government.

Would Lower Taxes

36500139 Stockholm DAGENS NYHETER in Swedish
29 Jun 88 p 2

[Editorial: "The Moderates' Campaign Song"]

[Text] The Moderates expected electoral results up near 30 percent 3 years ago; Ulf Adelsohn was unchallenged for prime minister candidate; and the Moderates' slogan was "jump-start." Since then, we've seen the Social Democrats' counter-offensive, the Westerberg effect and the psychologically toughest electoral defeat for the Moderates since 1960. Within 1 year the party has gotten itself a new leader who is less government-fixated and more long-sighted in his thinking than his predecessor.

The Moderates have become a stable party whose policies no longer concede to the Social Democrats any cheaply-bought debate points. At the same time, the party leader's eagerness to attack, to find occasions for polemics—most recently demonstrated in the Ebbe Carlsson affair—will hardly help his reputation as an accommodating and adaptable type.

A Riksdag election loses a good deal of its significance if there isn't much of a viable alternative to the government in power. It has sometimes been difficult to see Moderate policy as part of that alternative, when the party does not accept the limits of what is politically possible, in a nation which for generations has been ruled by the labor movement, and where the idea of the welfare state, with its accompanying high taxes, has firm roots in popular thought.

Presumably the policies of the Social Democrats for the past 6 years have had a certain loosening-up effect on the Moderates. To be sure, the tax burden has continued to rise, but in other respects the Social Democrats have adapted themselves in liberal directions. This is true, for example, in the devaluation of the credit market, and in the positive attitude towards economic harmonization with the EEC. The Moderates do not need to feel that every change toward the right direction must result in a confrontation with the Social Democrats.

The pressure from the EEC will make a more nonsocialist policy objectively necessary. With free mobility of labor force and capital, no Swedish government can hold on to such an eccentric tax system as the one we have now. On the other hand, the difficulty of effecting a compromise will be just as great for a nonsocialist government as for a Social Democratic one. Perhaps

even the Moderates realize that the process becomes easier when one tries to find solutions in common? If that is the case, they are approaching the thinking which was behind that amazing nocturnal tax settlement 7 years ago.

On Tuesday the Moderates presented their campaign manifesto. It contains many things which neither can nor ought to belong in the agenda of a nonsocialist three-party government; but the party is not pretending to talk about a government agenda here. In contrast to Olof Johansson, Carl Bildt avoids the discussion of demands which may turn out to be non-concedable in three-party negotiations. Meanwhile, he does admit that tax policy is a difficult issue.

The goal of the Moderates is to lessen the tax burden by (on the average) about 1 percent of the gross national product per year. During the electoral term, then, the taxes as a percentage of the GNP should lessen from about 56 to about 53 percent. A tax reduction of even these modest proportions will have to be financed, but this time the party is avoiding advocating cutbacks in the existing expenditure system. The tax reform is supposed to be achieved by means of "economic growth and severe re-examination of government spending." Suggestions for saving in (for example) housing subsidies are to be found in motions for the Riksdag, but the party does not intend to utilize the electoral campaign to prepare for any belt-tightening policies. A number of austere proposals would have been necessary in the campaign manifesto, if that were the case.

The biggest single campaign issue for the Moderates will be their demand that marginal taxes be lowered to 35 percent for the greatest majority and 50 percent for the highest income brackets. Besides this, their campaign will deal with electoral freedom in child care, defense, civil rights, abolition of public monopolies and the furtherance of individual ownership and savings. On a more shallow and duty-bound level, the party will be dealing with schools, culture, and environmental issues.

Carl Bildt said at the press conference in Jonkoping that the mood of the Center Party in Boras had facilitated rather than defended a common nonsocialist policy. He hinted that this time the Center Party had not made any long-term demands on the nuclear power issue. During the next two electoral terms, energy policy need not become a stumbling block. The "control stage" voted on by the Riksdag for installation in 1990 did not worry Bildt.

Behind all this lies a certain cynical hope that those who would like to phase out nuclear power will not be able to agree on a credible plan for replacing the energy from two nuclear power plants by the mid-1990's. Bildt believes that coal condensation is the only quick alternative. When everyone realizes that, no one will want to close down any nuclear power plants.

It is a fact that the decision concerning the shutdown of nuclear power plants at certain points in time is not conclusive in itself. The important thing is the concrete preparation of a future energy production program using renewable energy sources. Energy policy should not be an issue to be lightly dismissed by the Moderates. What is most unsettling is that Bildt is not unsettled.

[PHOTO CAPTION] Carl Bildt refuses to discuss ahead of time the items in the campaign manifesto which the Moderates will be presenting for consideration in a possible three-party negotiation after the elections this fall.

9584

TURKEY

SDPP 'Left' Publishes Views Opposing Leadership

35540160a Istanbul CUMHURIYET in Turkish
10 Jun 88 p 7

[Excerpt] Ankara—While the party assembly meeting continued, Social Democratic Populist Party [SDPP] leader Erdal Inonu left the party headquarters and went to the Turkish Grand National Assembly to meet with left-flank deputies who were waiting for him.

Left Flank Statement

At 1:45 pm, Inonu ended his meeting with the left-flank deputies and returned to the party headquarters. After a final evaluation of the situation, the left flank deputies issued a press statement at 2:30 pm. The statement, which was read by Eskisehir deputy Cevdet Selvi a member of the SDPP's left flank, states that the party assembly's decision not to postpone the party convention has created deep disappointment in the party organization and the SDPP's Assembly group and alleges that that decision is a concrete example of how one faction in the party assembly holds its interests above those of the party.

The text of the statement, which was issued after the meeting of the left flank that had been going on uninterrupted since 10:00 am, is as follows:

"For the first time in the history of the social democratic movement there is an intent to hold a party convention without Istanbul. The cause of this disappointing result is a legal clause left over from the time of the Consultative Assembly [of the 12 September period]. The party's [Istanbul provincial] congress was canceled because of the presence—together with three public officials—of two SDPP members in the ballot committee who were candidates for the 9th alternate membership of the party's provincial administrative council and the 46th delegate position in the party convention. The judge responsible for this case should have checked whether the two party members were candidates for any office

from the outset. But the judge did not even come to the hall during the entire congress. According to the legal clause left over from the time of the Consultative Assembly, the judge's decision cannot be challenged or appealed. No dispute exists over miscounting of votes or altering the election results. Those who have objected are the leaders of the faction that lost the election and members of the provincial administrative council which had the responsibility to prevent mishaps. The objections raised pertain only to the absence of formality and not the results of the election.

"Moreover, it is odd that the judge who made this decision is the in-law of a deputy who worked devotedly for the losing ticket at the congress and that he made his decision in only 5 minutes.

"The decision of the SDPP party assembly not to postpone the party convention to a date after 10 July 1988—when the Istanbul party congress will be held—despite the favorable ruling of the chief public prosecutor has caused deep disappointment within the party organization and the SDPP Assembly group. Our party assembly has compounded the numerous flawed decisions it has taken since it took office with a new one. This decision is a concrete example of the narrow factionalist approach within the party assembly and of how one faction holds its interests above those of the party.

"This result generated by factionalism will not succeed, and it will become evident that nothing can be achieved by evading the will of the convention and the rank and file of the organization. The SDPP is a party which can democratize and civilianize the country. It must therefore be consistent with itself and make democracy within the party function. No one has any right to overshadow the SDPP's democratic appearance and to create doubts about the party's understanding and implementation of democracy.

Will of Convention Damaged

"No matter who says what, the will of the convention has already been damaged. When one recalls that in past party conventions people were elected to office with a difference of only three to five votes, the effectiveness and the trustworthiness of officers elected in a convention that is not attended by 106 delegates will be questioned from the moment they take office.

"The left flank movement which emerged in district congresses has integrated itself with the party organization and has turned into a trunk. Evaluations following provincial congresses indicate that we have become the trunk of the SDPP.

"Our endorsement of the SDPP program without demanding a quest further to the left and our demand to make this progressive program operational has made many circles outside the party uneasy.

"Our wish to expand the SDPP by declaring our candidacy for the administration of the party and to become not only the government but also the ruling party has caused fear among the guardians of the status quo and the self-seekers of a corrupt system. The intense panic displayed by biased newspaper reports and aggressive columnists is the most concrete proof of that fear. This panic continues to intensify as the date of the SDPP convention approaches.

"These reactions are natural. But what is more distressing is that such attitudes are seen within the party as well. What distresses us is that a similar sense of panic has been echoed to the press by some SDPP politicians. But no matter what happens, the success of this trunk movement, which is determined to embrace the nation and to make our party the ruling party and which has integrated itself with the party organization cannot be blocked.

"Because we do not pay much heed to the view, 'let the party remain small as long as it is mine.' We are saying, 'let the party grow and belong to all of us,' and we want to make the party the ruling party.

"We know where narrow factionalism led the Republican People's Party [RPP] in the past. We do not want the SDPP to contract the same diseases.

"We want to build a modern social democratic party on the basis of the RPP's experience. Our only source of support for that goal is the SDPP organization and the free will of our organization.

"We do not need any power, support and illegal decision outside that."

Questions

After the statement was read at the meeting attended by nearly 20 deputies, one reporter asked: "Will you comply with the decision of the party convention?" Kemal Anadol replied: "Our struggle will continue."

Asked whether "there is any possibility of boycotting the convention," Fehmi Isiklar replied that his group "will stage a determined struggle at and after the convention" and that they do not "think the convention will make any decisions contrary to the party program." He added: "The decisions taken by the convention will naturally remain valid."

9588

Editorial Urges Revocation of Propaganda Laws
35540160b Istanbul *MILLIYET* in Turkish
10 Jun 88 pp 1, 13

["Today" column by Altan Oymen: "141 and 142"]

[Text] When prosecutors and judges examine a case, they act in accordance with laws. It is prohibited to criticize them on whether they "applied the law correctly or incorrectly" before they make a final decision. Such criticism may be leveled only after a final verdict is handed down.

That is how the Kutlu-Sargin trial will proceed.

But that trial brings up a recurrent issue which must be examined without delay. Because it threatens the reputation of our nation.

Some of the articles of the Turkish Penal Code and the Law on Criminal Court Procedures are anachronistic. Among them, let us examine the well-known Articles 141 and 142. These articles are:

1. Anachronistic from a juridical perspective because:

"Those who attempt to form societies intent on establishing the dominion of one social class over other social classes... or overthrowing any one of the fundamental economic or social rules of the country in whatever manner and under whatever name;" and "those who wage propaganda to this end..."

The description of such an offense cannot be found in the legal system of any serious democratic country no matter how you look at it. You might just as well claim that "the policies of the Motherland Party [MP] are aimed at establishing the dominion of the 'exporter-importer class' over the workers," and you might take Turgut Ozal to court for forming a "society" in the "manner" of a political party and under the "name" of MP.

2. Anachronistic from a penal perspective because:

Prison terms of "200 to 300 years" may be demanded for defendants in case of repetition of the offense and under aggravating circumstances. Although such prison terms may later be consolidated and reduced to "more reasonable" levels such as 36 years, when first handed down they create a more terrifying impression of our country.

3. Anachronistic from a perspective of current world developments because:

Given that these articles are implemented against "communist parties" and propaganda for "communism," they ignore the following truth:

The West decriminalized "opposition to the regime" a long time ago. Today, even the Eastern Bloc has begun to live with such opposition movements. As we stated recently, just as it is normal to wage communist propaganda in the West, it is becoming increasingly standard to tolerate—if with anger—those who wage capitalist propaganda in the East.

What is the purpose making Turkey the lone monument of "intolerance" standing on those two articles between these two worlds?

4. Anachronistic from a perspective political realism because:

The communist parties which appeared to gain strength temporarily in Western democracies (in fact in only some of them, e.g. France and Italy) after World War II, have today shrunk substantially and lost their effectiveness. Even those who once saw them as "threats" to democracy have stopped seeing them as such.

Today, what would happen if a party like the Turkish Labor Party (TLP) is legalized in Turkey? When the TLP first ran for election in 1965, it won at most 3 percent of the vote. In 1969, it won even less. How much of a success could it score in today's Turkey and global conditions, especially in the face of the "10-percent" threshold requirement?

Then is the "frog intimidated" by these movements worth the practice of sticking to a posture of preserving the illegality of all types of "communist" movements—a posture with which nobody agrees?

5. Anachronistic from a perspective of combating violent movements because:

The communist parties of the West have long made it standard practice to vigorously oppose violent movements of the "illegal left." They have given several examples of that since the student movements of 1968. The communist parties in Turkey would pursue the same stance if they are legalized.

They would be prevented from doing the opposite primarily by their need to maintain their solidarity with the "Western communists" who support them today. Moreover, if legalized they would come under the jurisdiction of the Constitutional Court.

As a result, a situation would arise whereby certain individuals who are sympathetic to "communism" and who may prospectively be inclined to commit illegal acts because they cannot find a legal channel to express their sympathies, would be spared from committing "offenses" and undertake normal political activities like the members of other parties.

Which option is better for the state? Is it better to falter with the flawed practice of lumping all "communists" into one basket because of not knowing which "communist" is in favor of violence and which one is not? Or is it better to have the means to make a distinction in a manner which is more compatible with common sense, jurisprudence, justice and national and personal security?

In summary, then, no matter how it is viewed there is great benefit in rectifying these anachronisms of Articles 141 and 142.

And of course the "anachronisms" of other articles.

Paper Questions Advisability, Means of Supporting Western Thrace Turks
NC1507084488 Istanbul *MILLIYET* in Turkish
12 Jul 88 p 9

[M. Ali Birand column: "Should We Support the Western Thrace Turks, and How Should We Do So?"]

[Excerpts] It is time that a problem causing confusion in Turkey is resolved...The matter is related to the Turks in Western Thrace... "should we support the Western Thrace Turks, or should we forget them?"

What we have to say about the first question is very clear. "Yes, we have to support the people of Turkish origin in Western Thrace." There should be no doubt of this. We may be forced to pay dearly in the future if we were to forget our kinsmen in Western Thrace or if we were to remain indifferent toward them.

The main point, however, is "the way we should support them." Sometimes our approach creates the impression that we are about to forget them. Sometimes we behave like bullies, giving the impression that we are ready to "strike at anyone" who touches them. As such, our approach is inconsistent.

First of all, we should not forget that these people are Greek citizens. since we do not approve of Greece's interference in our internal affairs, then we should be very careful not to do the same. Instead of embarking on secret provocations which would create unrest, we should pursue a policy aimed at encouraging equal treatment for the Western Thrace Turks. We should try to ensure that they reap the same benefits from the Greek Constitution as their Greek compatriots. Furthermore, we should try to ensure that double standards in Greece are abandoned.

How can we do this? Instead of maintaining a strange silence in the face of developments which concern the Western Thrace Turks, as in the case of Dr. Ahmet Sadik who has been sentenced to 2 and 1/2 years in prison for collecting signatures to launch a complaint against Greece with the European Human Rights Commission, we can keep the matter alive with the support of Turkish public opinion. We cannot achieve anything by saying that "we should not create problems which would make things more difficult."

Of course, there is another aspect to the problem. Various circles or groups regard the "question of the Western Thrace Turks" only as a way to make Greece uneasy or to deal an internal blow to Greece. Or they regard it as a ticking time bomb. These groups or individuals, who believe that they support the state more than the state itself and try to formulate their own policies, must abandon their present approach.

If we consider the matter on the basis of the concept of human equality, and if we establish a long-term, basic policy following this concept, we shall have a consistent approach. Furthermore, we shall be able to help our kinsmen in Western Thrace feel at ease.

VATICAN

Jesuits Take Position on Controversial Issues

35280137 Rome LA REPUBBLICA in Italian

6 May 88 p 8

[Article by Orazio La Rocca]

[Text] Vatican City—The Jesuits are against the total abolition of the secret ballot in parliament. They strongly criticize the forced work stoppage at the Montalto di Castro nuclear power plant, and react to those who at present are fighting to remove the crucifix in public places, particularly in the schools.

These are the three arguments discussed in the editorial of the next issue of the authoritative Jesuit journal CIVILTA' CATTOLICA, the draft copy of which is always submitted to the Vatican for review before publication.

Father Gabriele De Rosa, the deputy editor of the magazine, came out in favor of the secret ballot in parliament, writing that "it is inconvenient to abolish it", but that "it would be wise to limit its use, and specifically not to permit it when voting on funding issues, so as to prevent favoring lobbies or pressure groups."

Father De Rosa explains that "the secret ballot is the only freedom that the parliamentarian has vis-a-vis his own party." The Jesuit warns that to eliminate it "would only strengthen party bureaucracy and would give the party secretariat full control over its parliamentarians." Such a provision "would be a double edge sword, that is, it could prevent some abuses, but would deprive deputies the appropriate margin of freedom they should have relative to their parties and party leaders."

Concerning Montalto di Castro, CIVILTA' CATTOLICA defines as a "grave event" the halting of construction at the nuclear power plant. The journal states that "it is grave especially because the government succumbed to political pressures—mainly from the PSI—and to antinuclear demonstrators who showed their opposition to government decisions by the use of force and threats. Thus there won't be any place where new plants can be constructed, because wherever the government decides to locate a plant, a group of environmentalists will form to oppose the initiative and complain about environmental pollution or the spoilage of the countryside." The Jesuits, therefore, are openly in favor of the Montalto nuclear power plant, also, they explain, for the reason that getting out of the nuclear field "means that Italy would abandon a scientific research field of great importance for the future, and this would happen at a time when, with European [economic] unification in 1992, Italy will have to compete with highly nuclear countries—like France and Germany—without the protection of national boundaries."

More diplomatic but equally forceful is the rebuttal to those that have requested the removal of the crucifix in public places. In the editorial of CIVILTA' CATTOLICA the Jesuits' rebuttal is presented through a lengthy and complex argument. "The presence of Catholic religious symbols in public places", argues the journal, "neither offends nor discriminates against people of other faiths or non-believers; rather, it has an educational value and is of great significance even for non-believers." Answering those that justify the removal of the crucifix on the basis that the state should be a secular institution, the Jesuits claim that "the secularity of the state does not mean it should be against religion or ignore religious reality." On the contrary, according to CIVILTA' CATTOLICA "religion cannot be reduced to a private question, but it should also have public forms," and if the majority so desires "there can also be religious signs in public places, and this should not offend anyone." The Jesuits conclude that the presence of crucifixes in schools or in courts "is not offensive, nor discriminating against anyone, whether Catholic, nonbeliever, or of another faith."

13120

EUROPEAN AFFAIRS

Turkey Seeks More Active Role in NATO

35540159 Istanbul *MILLIYET* in Turkish
10 Jun 88 p 10

[Text] When Turkey assumes the term chairmanship of NATO's "European Group" on 1 July, it will strive to settle disputes between the United States and Western Europe over defense issues and to serve as a "bridge" between the two shores of the Atlantic.

Minister of National Defense Ercan Vuralhan will take over from his Dutch counterpart the 12-month term chairmanship of the "European Group" which is comprised of the defense ministers of the 12 European members of NATO.

Serious differences exist between the United States and its West European allies in particular over the issue of "burden sharing." The United States has been complaining that its European partners are not paying their fair share of defense responsibilities and costs. The West Europeans, on the other hand, are concerned that the United States may withdraw some of its forces from Europe and reduce its military commitment to Europe in the rapprochement period following the signing of the INF treaty with the Soviets.

Turkey, which is a "flank country" even though it is a member of the European Group and which carries heavier responsibilities compared to many other members of NATO, believes that it can play an active role in settling these disputes between the two shores of the Atlantic.

According to Minister of National Defense Vuralhan, Turkey will strive to ease mutual complaints and concerns on both sides and will simultaneously try to discuss its own special circumstances and needs.

Three-Way Traffic

Speaking at a dinner meeting sponsored by the "Foundation for Political and Social Research [FPSR]," Vuralhan noted the reemergence of the "burden sharing" issue in recent weeks and said: "What remains invisible in that issue is Turkey's contribution." The minister stated that Turkey must be given more support because of the heavy responsibilities it has taken on in the West's common defense, meaning that European countries in particular must provide greater assistance to Turkey. He continued:

"We would like the traffic to be not just two-way (between the United States and Western Europe) but three-way (include Turkey). We will strive to that end in the European Group. This will offer us a window in NATO."

The dinner meeting was attended by more than 100 prominent defense and foreign policy experts and was considered a continuation of a recent FPSR-sponsored seminar on Turkey's foreign policy and defense. In his speech at the meeting Vuralhan also disclosed that Holland has decided to provide military assistance to Turkey.

Vuralhan noted that the military credits given to Turkey have until now been portrayed as "foreign aid" and said that the Turkish government is now working to build a defense industry and to reduce its dependence on foreign sources.

The minister stated that Turkey's defense strategy is not confined to NATO alone and that it has to worry about its other sensitive borders.

Welcoming the latest military talks with the Soviet Union, Vuralhan said that negotiations over the reduction of conventional forces must proceed not on a "bilateral" but "multilateral" (that is between NATO and the Warsaw Pact) basis.

'Dual Capacity' Not Desired

Responding to our question on short-range (that is tactical) nuclear weapons, the Minister of National Defense clarified the Turkish position as follows:

"Turkey accepted its responsibility with regard to these weapons with the 1971 decree. The modernization of short-range weapons is now at issue in the light of the INF agreement. However, Turkey does not wish to acquire 'new-generation' nuclear weapons. It prefers to have a higher priority placed on the modernization of its conventional forces. In this context, it does not, for example, wish to have its F-16 airplanes equipped for 'dual capacity' (nuclear and conventional capability)."

9588

FEDERAL REPUBLIC OF GERMANY

Air Transport Command Plans To Incorporate Reserve Pilots

36200176 Bonn *TRUPPENPRAXIS* in German No 3,
Jun 88 pp 290-292

[Article by Capt Hans J Ballauf (Res): "Reservists in the Flying Service of the Air Force—A New Approach for the Air Transport Command"]

[Text] The personnel situation of the Flying Service with the operational units of the Air Transport Command is determined by the operational concepts for the aircraft models being used. Air transport personnel and materiel requirements in crisis and war far surpass existing peacetime capabilities, which makes the use of additional flight personnel during national defense emergency conditions imperative.

Since such pilots and crew members must be highly qualified, the potential reservoir of personnel to recruit from in times of need is correspondingly limited.

Existing Mobilization Reserve

Those transport plane and helicopter pilots who are obligated "to maintain their flying skills" although their active service assignments are not with flying units constitute a potential source. So far service personnel who continue to exercise their flying skills includes pilots exclusively; reliance on this group alone, therefore, does not solve the problem entirely since to carry out their mission Air Transport Command aircraft—depending on the model and the mode of employment—require not only aircraft and helicopter pilots but other crew members as well.

"Flying Personnel" Reservists Concept

To solve this problem the Air Transport Command evolved a flying personnel reservists concept which it submitted in March 1986 to the minister of defense for approval. Also considered here—in addition to the activation/reactivation of former flight personnel for assignment to the Flying Service as a mobilization measure—was the assignment of a mobilization role in commands and organizations with operational command responsibilities in air matters in times of crisis or war to those former members of this group who, for reasons of health, are no longer fit to fly.

Also suggested, and since implemented, was the elimination of the former 48-year age limit for continued maintenance of flying skills for the types of operations carried out by the Air Transport Command to effect an immediate expansion of the reservoir of available reservists.

In order to gain not only pilots but also other crew members from active service personnel as a mobilization reserve, it was requested that a future program also provide for the continued maintenance of flying skills for this group.

Planners also focussed their attention on the age and status of former soldiers and on their current civilian activities since, in addition to former, now retired members of the Flying Service, there exists a reservoir of former long-term servicemen many of whom have found flight-related employment with civilian airlines.

Training Problems

Even this brief outline of the various sources from which reserve crews may be recruited as flight personnel for the Air Transport Command at the proper time indicates that the creation of such a reservoir presents primarily a training or retraining problem.

Soldiers who still hold valid pilot's licenses when leaving active flight service naturally cause the least problems.

Former air transport crew members and pilots can be retrained and prepared to resume operational duties fairly easily, whereas the retraining of former flight personnel from other areas would require considerable efforts.

Health Requirements

One of the most important requirements for using a reservist onboard an aircraft concerns the state of his health; the question of his fitness for reserve flight service therefore assumes great significance.

As always, details can be tricky since regulations mandate that both flight surgeons as well as the Air Force Institute of Aviation Medicine in Fuerstenfeldbruck deal only with active soldiers.

Medical examinations to determine fitness for reserve flight duties must, therefore, be performed in the context of a reserve exercise and the reservist, even for this 1-day examination, must be called into service by the cognizant local selective service board. Appropriate changes/amendments of applicable service regulations have been initiated in the meantime.

The First Step

In April 1987 the Federal Ministry of Defense issued the first authorization to call reservists to active duty in the Flying Service of the Air Transport Command. Based on this authorization, subordinate units were ordered to assign flight duties to reservists in the context of single reserve training exercises, and during recent months several former pilots and crew members have already participated in exercises of the flying reserve.

Initial Experience

The units' initial experience with the flying mobilization reserve has shown that refresher and flight-skill maintenance programs for these experienced transport aircraft and helicopter pilots have caused no significant administrative or practical problems. After the parties involved have discussed a suitable date in the context of single reserve training exercises lasting about 14 days, reservists are recalled at the request of the respective unit by the local selective service board. When reservists report for duty, standardized procedures are followed for obtaining a release from the flight surgeon for flight duty and for initiating an appropriate refresher course in aviation theory and practice, which is taught by pilots and other crew members authorized to administer tests.

Subsequently, the reservists are assigned to active flight duty within the units whereby pilots of transport planes and helicopters are invariably used as copilots while other reserve crew members may be given full responsibility.

The annual renewal of pilot's licenses and certifications is handled in the course of license renewal courses regularly scheduled by the units; the medical fitness examination for reserve flight duties is handled by the Air Force Institute of Aviation Medicine for pilots and for other crew members by the responsible flight surgeon in the context of the military exercise.

Annual Flight-Hours Program

Just as for active service pilots, the necessary annual renewal of licenses and certifications requires minimum hours of flying time and the performance of specific flight procedures.

The Air Transport Command believes that a reservist must have recorded at least 35 hours of flying time in his operational specialty during the previous cycle (1 year from his birthday); pilots seeking renewal of instrument-flight certification must have flown 10 hours under instrument-flight conditions. These time requirements for renewing a pilot's license are exactly one-half of those mandated for active duty personnel but three times longer than those needed to renew, for instance, a private pilot's license.

A final determination of flight-time requirements for license renewals of reservists is, however, still pending; changes in the applicable service regulation, ZDv 19/11, have been initiated.

All reservists, regardless of their function onboard, must pass a written examination and perform a test flight as part of the license-renewal process, thus meeting the same requirements as those prescribed for pilots and crew members in the active service.

A New Approach for the Air Force

With this concept—which must still pass the test of time and which can only be implemented step by step—the Air Force is launching a needed program to reach its final goal of creating a mobilization reserve for the air transport Flying Service.

This program is substantially different in both scope and cost from, for instance, that of the U.S. There, the Air Force Reserve—as part of the U.S. Reserve Forces—holds its air transport component in readiness in its airlift wings.

These wings are organized into groups, each of which comprises about 1,000 men of whom 200 are permanently present while the remainder is furnished by reserve trainees of all types.

Each of these groups can deploy nine Hercules C-130s which annually fly about 3,000 hours in global missions.

The individual reservist's share is about 200-300 hours of flight time, which he performs with his wing—for good pay primarily in his free time and during vacation—as a member of the Flying Reserve.

These plans for a segment of the [German] Air Force, which provide for relatively few hours of flying time at regular military pay, may seem modest in comparison to the U.S. effort, but it is a start on the long journey toward increased combat capabilities at the precise time when emphasis on conventional forces must be stressed again.

12628

NORWAY

Former Defense Ministers Issue Warnings on Defense Cutting

Past Growth Goals Unmet

36390073 Oslo AFTENPOSTEN in Norwegian
25 Jun 88 p 3

[Guest article by Storting member Anders C. Sjaastad: "Defense Capability Weakening!"]

[Text] "The difference between the budget growth proposed by the government in the long-term plan for the defense and the growth the Conservatives want to maintain comes to total of 4 billion kroner over a 5-year period," writes Storting member Anders C. Sjaastad, who was defense minister for almost the whole period the Willoch government was in power.

During the coming years, there is hope for new meaningful disarmament talks both with regard to nuclear and conventional weapons. At the same time, it is important that the individual NATO countries do not go ahead with a reduction in arms prematurely and send Moscow the wrong signals.

The East-West agreements which have been entered into so far are primarily the result of the cohesion and strength within NATO. And despite the improved international climate, the military threat against NATO and Norway has not decreased. On the contrary, the Soviet military armament is continuing in full force, and Norway's position is becoming increasingly vulnerable. Presumably, Gorbachev honestly wishes to gradually reduce Soviet defense spending to be able to rescue the Soviet Union's damaged economy. However, the West cannot guarantee Gorbachev's political life or rely on his actually carrying out his declared reform policy.

Drastic Reduction

The government's report on Defense activities in the period 1989-93 contains a thorough discussion of the development with regard to security policy, but ends in suggesting a drastic reduction in the growth of the defense budget for the next 5 years: An average growth of 2 percent per year is suggested, compared to 3.5 percent previously. This would mean that the growth in individual years can be even lower. In the 5 years the Willoch government prepared the national budget, the Defense enjoyed a high growth rate and was constant at the same time, which provided the opportunity for effective long-term planning.

A Difference of Billions

Individual so-called smart brains claim that "the percentage discussion" regarding the defense budget is of no interest—the important thing is how the money is used. But the difference between a budget growth of 2 percent, which the government suggests, and 3.5 percent, which the Conservatives want to maintain, is a whole 4 billion kroner over the 5-year period 1989-93—or approximately half a million—based on the latest exchange rate. Moreover, this is money which can be used primarily for procuring modern and urgently needed defense material, since the current operational expenses will be largely covered. Those who want to belittle such a difference must indeed think in large dimensions!! [as published]

The government's long-term plan is also based on the assumption that it should be possible to achieve a gain of 1-2 percent per year from increased efficiency. Our goal for the previous long-term period (1984-88) was to increase the investment part of the defense budget to 25 percent, something which seems to be possible according to the report. However, the prerequisite of limiting the increase in operational expenses to 1 percent, was not realized, among other things, as a consequence of rising expenses, legislative and administrative increases. How then will it be possible to keep the increase in operational expenses to zero in the 5-year period (apart from an already announced increase in operations of 0.5 percent in 1989), without a drastic reduction in the effectiveness of the Armed Forces, something from which the readiness and defense capability in southern Norway will inevitably suffer to a large extent? The government wisely supports the view that northern Norway must continue to be a priority defense area.

Strength Impossible

It is here where Norway can be attacked the earliest and most effectively in a war. However, the defense of southern Norway, which contains the major part of the country's resources and is home to the country's political and administrative leadership, must definitely be strengthened, something which, I contend, will be impossible with the low defense appropriations which the government is preparing for. In view of the fact that it is

also necessary to strengthen the standing readiness in northern Norway with national and allied forces in a crisis or war situation, a weakened defense capability in southern Norway will also reduce the possibility of preventing an attacker from taking northern Norway.

Much To Defend

Why must Norway continue to increase the defense budget when many of our allies are now content with a lower growth rate? The government's report actually provides the answer when it points out that Norway alone covers a land area the same size as Denmark, the Netherlands, and West Germany together. However, the three countries have 19 times as many inhabitants, a national product which is 17 times larger than ours, and together their contribution to defense is 16 times greater than ours. At the same time, the report states that "due to the political, military and technological development, the geographic area of which Norway is a part, has a much greater strategic importance than a few decades ago" (page 23). And it says further that "the government and the chiefs of the Armed Forces agree in their view of the strategic situation and the potential threat our country faces" (page 21).

Conservatives Will Hold a Steady Course

Thus, the conclusion is clear: the government is not willing to draw the conclusions from its analysis, which justifies a continued strong growth in defense appropriations. In the discussions of the long-term plan, the Conservatives, for their part, will do what they can so that the defense can be assured the growth necessary for strengthening the defense capability also in the years to come.

Budgeting Basis Questioned

36390073 Oslo AFTENPOSTEN in Norwegian
28 Jun 88 p 2

[Editorial: "Fostervoll's Warning"]

[Text] It is not very smart to lead the support for a reduction in the Armed Forces. The words are not ours, but we quite willingly give our support to the warning from previous Defense Minister Alv Jakob Fostervoll. The President of Norway's Defense Association has every reason to be concerned over the signals in the government's long-term plan for the period 1989-93. Cabinet Minister Johan Jorgen Holst should listen to the viewpoints expressed by his fellow party members in an interview with AFTENPOSTEN yesterday.

In Norwegian security policy we set ourselves the goal of maintaining the defense capability and of defending all parts of the country. As the weaknesses of our own defense concept become evident, we must simply realize that the goal seems quite unrealistic. And it gets worse. The long-term plan implies a clear weakening of the

country's defense capability. A defense which is from the outset burdened with obvious defects will turn out to be even more insufficient when the new long-term plan is implemented.

An this in spite of the fact that Norway has a strategic importance which only increases. The reduction of the nuclear weapons arsenal does not change the threat situation in favor of the countries which are most dependent on allied assistance. On the contrary, the balance of strength has become more unfavorable for NATO. This is a direct consequence of the fact that nuclear weapons will disappear without a weakening of the Soviet superiority when it comes to conventional weapons. To think that under such circumstances we could meet our goals with regard to security policy while reducing the growth in the annual defense budget 2-3 percent is a mere illusion.

If we evaluate the goals and means of our defense realistically, we must say that there has been a clear imbalance over several years, and we have not been able

to do anything about it. Nor do we see a possibility that anything will be done about it in the present political situation, with the absence of an alternative able to govern. The current Storting does not have a majority for anything different and more than what the government suggests. This is solely due to the fact that too many are willing to close their eyes to the defense situation and our reality with regard to security policy.

That is the reason why we agree with Fostervoll that presumably it would be more expedient to discuss the relationship between the level of ambition and the available resources in the Armed Forces than to concentrate exclusively on annual percentage discussions. An analysis of the defense situation against the background of the tasks we set for ourselves will inevitably lead to frightening conclusions. We hope that the Storting majority is open and willing to have the insight which is necessary to define the problems and to prevent a further weakening of our defense capability.

12831

DENMARK/GREENLAND

Retail Trade Monopoly Finding Success Following Restructuring

36130081p Copenhagen BERLINGSKE TIDENDE
in Danish 4 Jul 88 Sec II p 3

[Article by Lasse Bjerre: "Gronlands Handel Making Rapid Advance"]

[Text] Since having changed its structure in 1986, Gronlands Handel has shown increasing performance earnings. Net earnings from business operations were 89 million kroner better than anticipated for 1987. Gronlands Handel—or Kalaallit Niuerfiat (KNI) if one will—made net earnings of 69 million kroner in 1987, which is its second year under home rule administration.

89 Million Better Than Anticipated

With this, the earnings were no less than 89 million kroner better than anticipated, since the company had expected an operating deficit of 20 million kroner. The enterprises's turnover neared 3 million kroner. This corresponds to a growth of 175 million kroner, or over 6 percent. The increase was partly achieved due to a fall in oil prices and shipping rates which were either stable or lower.

It must, therefore, be said that the new structure appears to have been very successful. Restructuring was commenced in 1986, and was carried out more intensively during 1987.

Management Moved to Greenland

With this success, KNI's management will finally be moved from Denmark to Greenland over the course of this year—though the day to day management of the Postal System will remain in Denmark for the time being.

Last year, KNI invested 160 million kroner in capital improvements, of which 125 million kroner went to construct new shops, fuel tank facilities and ships, as well as administrative buildings. In the prior year, investments amounted to 70 million kroner.

Last year, the enterprise employed 3,230. Total net worth is now about 1.9 million kroner. The directors have described 1987 as having been a very satisfying year.

FEDERAL REPUBLIC OF GERMANY

Foreign Population in Berlin: Demographic Developments

36200171 West Berlin WOCHENBERICHT-DIW
in German 28 Apr 88 pp 219-223

[Text]

Foreigners and Employment of Foreigners in Berlin (West)

At the end of 1987 there were 262,000 foreigners living in Berlin. The number of foreigners in the city has thus

reached its highest level, following a marked decrease in the years 1984 and 1985. The number of foreign employees likewise rose again; they even claim a slightly above-average share of the employment growth in recent years. According to estimates of the Land Statistical Office and the DIW, the foreign population will continue to grow in Berlin, and the pool of available foreign workers will rise even further. At the same time, a decline in the German employment potential is foreseeable. If it is possible, in the present situation, to stabilize the number of jobs at current levels, the prospects for a successful integration of the foreign population will improve.

For many years the foreign residents of Berlin have, in many respects, constituted an important segment of the urban structure. For the economy, they were the once urgently sought for working force; today, as well, as the analysis of the current employment structure shows, foreign workers can hardly be dispensed with, despite the high unemployment rate. Demographic and social structures were likewise significantly influenced. The foreign population component has, for example, contributed noticeably to the rejuvenation of the city. The integration of a large number of socially and culturally divergent demographic groups demands a considerable effort on the part of all concerned. While progress in this area is unmistakable, numerous problems, also in the socio-political sector, remain to be solved.

In the course of its research specifically related to Berlin, the DIW has frequently examined the evolution of the foreign population in Berlin. This report is a continuation of this work, contains information on the current demographic development, and gives an overview of the significance of the foreign workers in the various branches of the regional economy. Statistical bases for data on demographic structures include particularly the periodic analyses by the Land Statistical Office for Berlin with respect to foreigners included in the register of residents.¹ Data on the employment structure is provided by the employment statistics of the Federal Employment Institute.

Demographic Trends

At the end of 1987, 262,000 foreigners² were legally registered in Berlin; this equates to circa 13 percent of the total population.³ Turks and Yugoslavs continue to dominate with 118,000 (45 percent) and 31,000 (12 percent) respectively, citizens of countries, in other words, from which most of the workers were recruited in the past. Another 60,000 (23 percent) come from the other European countries, 33,000 (13 percent) of them from countries belonging to the European Economic Community (EEC). Relatively well represented, meanwhile, are Poles (14,000; 5 percent). Another 34,000 (13

percent) come from Asia and Africa, 11,000 from America and Australia; slightly over 5,000 persons are stateless, and in the case of 2,000 (most of them Palestinians), the nationality is unclear.

These groups differ with respect to the motive for their presence abroad, cultural origin, education and social status not only among themselves, but also within the individual nationalities. Such differences, significant, for

example, for the integration policy, cannot be gone into in detail here, especially since almost no statistical data is available on this aspect.

The age structure of the foreign population differs significantly from that of the Germans. All in all, the foreign population of Berlin is substantially younger than the German: a good 80 percent of all foreigners, but only 50 percent of all Germans registered in Berlin are less than 45 years old; the proportion of children and

Foreigners Employed in Berlin and Obligated to Pay into the Social Security Fund as of 30 Jun 1987, by Branch of Economy and Selected Nationalities

Branch of the Economy ¹	Foreigners Employed, Total	Percentage of these from			Percentage of Branch	Percentage of Foreigners in Branch ²
		Turkey	Yugoslavia	EEC Coun- tries		
Agriculture/Forestry, Fishing	886	78.8	4.0	10.3	1.0	23.2
Energy, Mining	156	43.6	7.1	19.2	0.1	1.3
Processing Trades	38,347	61.7	17.9	7.8	42.4	19.8
Breakdown:						
Plastics Processing	1,926	73.7	5.5	5.8	2.1	37.2
Iron/Steel Manufac- ture, Foundries	1,030	77.5	8.9	4.6	1.1	33.2
Machine Construction	2,552	53.2	18.8	11.8	2.8	16.9
Road Vehicle Con- struction	3,210	60.1	24.0	6.9	3.5	24.1
Electrotechnology	13,832	62.6	22.3	5.8	15.3	24.4
Iron, Sheet Metal & Metal Products	1,314	58.9	17.4	6.8	1.5	21.3
Textile Processing	2,688	77.3	3.5	8.1	3.0	62.0
Food & Luxury Items	3,805	61.6	18.8	7.0	4.2	16.2
Building Trade	7,134	49.3	30.5	9.7	7.9	13.8
Commerce	5,700	40.4	13.6	14.1	6.3	6.2
Traffic & Communications	2,316	42.1	10.4	19.3	2.5	5.4
Credit Institutes, Insurance Business	419	29.4	11.5	20.3	0.5	1.9
Services	25,665	41.0	15.4	14.5	28.4	11.9
Breakdown:						
Restaurants, Hotels	6,130	17.5	19.8	26.8	6.8	31.2
Cleaning, Personal Grooming	5,005	73.6	11.0	7.8	5.5	26.0
Health Care	5,744	43.1	18.2	9.2	6.3	9.6
Non-Profit Organizations	2,185	35.4	16.1	13.6	2.4	7.5
Territorial Authori- ties, Social Security	7,682	35.9	3.2	34.8	8.5	10.2
Total	90,490	50.2	16.2	13.1	100.0	12.2

1. Based on the system used by the Federal Employment Institute

2. Percentage of employees obligated to pay into the Social Security fund who are foreigners

Source: Official Reports of the Federal Employment Institute; Land Employment Office for Berlin

juveniles (up to 15 years old) is even greater, being more than twice as high among the foreigners. In this age group, foreigners account for more than a fifth of the population.

Since 1980 the number of foreigners has increased by almost 30,000 (15 percent), approximately two-thirds of them resulting from the excess of births over deaths, and one-third the result of gains through migration.⁴

The development was not uniform, however. A tremendous increase at the beginning of the decade, caused, among other things, by changes in the basic conditions governing the movement of family members to join recruited workers, was followed by a decline in the years 1983 and 1984, the result of political measures taken to limit the movement of foreigners to Berlin and the encouragement of returns by foreigners to their homelands. Since then the number of foreigners has once again risen perceptibly.

A marked, but only temporary, decline was registered above all among the Turks. On balance, circa 12,000 of them left Berlin in 1983 and 1984. But the continuing excess of births over deaths alone has brought their number almost back to where it was before.

The number of Poles, on the other hand, has increased uninterruptedly and sharply; they alone account for a third of the total registered increase. Strong fluctuations of short duration and an overall slight increase characterize the trend in the number of persons coming from Asia and Africa, a reflection, above all, of the refugee movement from Third World countries. And, lastly, the previously stable number of residents of EEC countries has recently risen slightly.

A continuing increase in the number of foreign residents of Berlin is also probable in the years ahead. In its latest prognosis calculations, the Land Statistical Office for Berlin expects their number to grow to circa 280,000 by the year 1995. Previous calculations by the DIW had yielded somewhat lower results. It should be noted, however, that experiences to date have consistently shown that the risk factor in such prognosis calculations is extraordinarily high, the accuracy lower, therefore, than is customary in population prognoses. The reasons for this are, first, the relatively small number and the very heterogeneous makeup of the foreigners, and, secondly, the fact that changes in the basic conditions applying to foreigners are often of short duration or their impact difficult to calculate. To lower this risk factor somewhat, the DIW has for some time already dealt separately with certain groups of foreigners which within themselves are relatively uniform and to which stable basic conditions are more apt to apply. The results of these calculations for Yugoslavs or nationals of EEC countries, for example, are very much in accord with the actual developments.

The model calculations for the Turkish population component have meanwhile become outdated, not least because of the measures taken to encourage their return to their homeland. At the direction of the commissioners for foreigners, the DIW has therefore actualized the calculations. In the process, aside from changes in the migration assumptions, consideration had to be given to the somewhat greater willingness for naturalization that has been noted in the most recent times, but above all to the definite decrease in the age-specific fertility among the Turks, from which changes in the generative behavior can be concluded.⁵

Several variations under different combinations of conditions were calculated. From the results, it can be concluded that the number of Turks in Berlin will continue to rise in the immediate future, to be sure, but in the more distant future—by the mid-1990's—an upper limit of 130,000 will probably not be exceeded. Thereafter a slight decrease is likely.

If in addition one assumes that the impact of the refugee movements on the number of foreigners in Berlin can continue to be kept within bounds, relatively speaking—developments in the recent past speak for this, though prognoses, by their nature, are not possible—it should be possible to limit the number of foreigners in the city below the 280,000 figure mentioned at the outset.

The chances for success of the integration policy are not lessened by the quantitative developments expected here. All things considered, the prospects will even become more favorable. Among the critical prerequisites for integration are equal opportunity in education, training, and employment.

Employment Perspectives

At least with respect to gainful employment, the situation of the foreigners in Berlin has had a relatively favorable development: Unlike the Federal Republic of Germany, the foreign workers in Berlin have managed to nearly keep their share of the employment: The percentage of foreigners among employees obligated to contribute to the social security fund was 12 percent in June 1987 and thus hardly lower than at the beginning of this decade. In the Federal Republic as a whole, the share claimed by foreigners sank from 9.6 percent to 7.5 percent. Foreign workers in Berlin have even made an above-average contribution to the employment growth in recent years: The number of all employees in 1987, compared to the number in 1983—the year with the lowest number of employees thus far—rose by slightly more than 5 percent, that of foreign workers, on the other hand, by 7 percent. At the same time, the number of foreigners registered as unemployed was the same in 1987 as in 1983, namely an average for the year of 16,000; among the Germans, however, an increase of 7,000 to a total of 75,000 was registered.

Foreigners in Berlin from 1980 to 1987
by Selected Nationalities¹
(all figures in 000's)

End of Year	Total Number of Foreigners	EEC Countries ²	Number of these from... Turkey	Yugoslavia	Poland	Asia and Africa
1980	233.0	28.9	114.3	31.6	3.5	27.3
1981	246.0	30.2	118.3	31.7	6.8	30.0
1982	248.1	30.4	119.1	31.2	8.3	30.2
1983	244.9	30.4	117.4	30.4	9.6	28.5
1984	240.7	30.8	109.6	30.2	11.0	30.0
1985	245.7	31.8	111.6	30.3	11.7	32.9
1986	257.9	32.9	114.8	30.7	12.1	36.4
1987	262.2	33.4	118.1	31.4	14.2	33.9

1. Legally registered residents not possessing German citizenship (not including families of Allied forces and diplomatic missions)

2. Including Greece, Portugal, Spain

Source: Land Statistical Office for Berlin

Foreigners in Berlin in 1987 by Selected
Nationalities and Age Categories¹
(Age Structure in Percentages)

Age	Total Number of Foreigners	EEC Countries ²	Percentage of these from... Turkey	Yugoslavia	Poland	Asia and Africa
Under 15	22.1	10.0	29.8	21.6	15.0	18.6
15 - 45	60.2	69.0	54.3	57.3	65.0	70.6
45 - 65	15.7	18.8	15.5	20.0	16.5	9.2
65 and above	2.0	3.2	0.4	0.1	0.5	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

1. Legally registered residents not possessing German citizenship (not including families of Allied forces and diplomatic missions)

2. Including Greece, Portugal, Spain

Source: Land Statistical Office for Berlin

The labor market situation in Berlin, which if anything favors the foreigners, is without a doubt also a reflection of the job structure. In Berlin, jobs with relatively low qualification requirements continue to have great significance, especially in the processing trade, which employs two-fifths of all foreigners. The foreigners employed in this sector represent just under 20 percent of the total labor force, a good half again as high as the average for the economy as a whole. Selected branches of the processing trade even display far greater percentages of foreign employees. Only a few services sectors employ foreigners to a similarly high degree.

The future job market prospects for foreigners in Berlin are hard to assess. They depend, for one thing, on how the employee availability situation develops, and, secondly, on the employment trend and on the qualifications required in the future—components on the course of which only general trend statements can be made at this time.

The future employment potential was estimated in the cited model calculations on the basis of age-specific and sex-specific employment quotas and the labor market rules in effect. According to these, the growing number of

foreigners will also be paralleled by a growth in the number of persons available for employment. According to DIW prognoses, a noticeable decrease in the number of Germans available for employment must be reckoned with from approximately 1990 on. In this situation, the prospects for foreigners in the labor market could undergo a fundamental change. A decisive prerequisite, however, is the intensification of education and training. Despite the uncertainty of the future development of the job market, it is foreseeable that the employment chances for workers with few qualifications will decrease in the Berlin economy as well. The percentage claimed by trainees among foreign youths has tripled since 1980, to be sure, and now comprises 20 percent. The average formal qualification of foreign employees continues to be low, however. A change here is not only necessary for a successful integration, it is also in the interest of the development of Berlin's economy.

Footnotes

1. This includes all legally registered foreigners, so that persons living abroad and visiting private families in Berlin are also counted. Deregistering is often overlooked. For this reason, the number of foreigners residing in Berlin is probably smaller—even considerably smaller, according to the latest estimate of the Land Statistical Office.

2. Persons who are not German citizens, but not including families of Allied forces and diplomatic missions.

3. More precise figures and comparison are possible only after evaluation of the census. Cf. "Aktuelle Tendenzen der Bevoelkerungsentwicklung in Berlin (West)" [Current Trends in the Population Development in Berlin (West)]. Editor: Ingo Pfeiffer. In DIW WOCHENBE-
RICHT 10/88.

4. The statistics for the population movement and the results of the register check cannot currently be consistently reconciled, however.

5. Cf. "Eheschliessungen, Ehescheidungen, Geburten und Sterbefaelle von Auslaendern 1986" [Marriages, Divorces, Births, and Deaths of Foreigners in 1986]. In WIRTSCHAFT UND STATISTIK, 2/1988.

12689/06662

Number of Insolvencies Down in 1987

36200143b Frankfurt FRANKFURTER ALLGEMEINE
ZEITUNG in German 7 Jun 88 p 12

[Text] Duesseldorf, 6 June—The number of insolvencies declined markedly in 1987: With 17,589 cases, there were approximately 6.7 percent fewer collapses than in the base year, 1986. The decline in the case of government enterprises (12,089 cases) by over 10 percent was yet more pronounced, as a publication of the Bank for Social Economy also reveals.

The number of insolvencies in comparison with the distinctly low level of the 1960's and 1970's was, however, as high as ever. In 1987 the percentage of petitions for bankruptcy proceedings that could not be instituted

for lack of assets continued to increase. While in the 1980's and early-1960's only about one-third of all bankruptcy petitions were denied, today the capital assets are insufficient to cover the costs of the proceedings in about 80 percent of the cases.

As the cause of the once again declining rate of insolvencies, the study cites the economic upturn in the Federal Republic, which, with a time-lag, also has had an effect on the number of enterprises that have gotten into difficulty. Of the total 17,589 insolvencies, 12,098 (down by 10.4 percent) involved business enterprises.

In the area of insolvency proceedings, in 1987 the liabilities of the debtors amounted to less than DM100,000 in just under 50 percent of the cases, and for a further 40 percent they were between DM100,000 and DM1 million. In the case of the bankruptcy petitions rejected for lack of assets, creditors' claims losses were estimated by the courts at about DM4.5 billion. As it is further stated in the study, however, this sum should be viewed as the minimum amount since in those cases where proceedings are not even instituted and where, therefore, nothing can be gotten, many a creditor forgoes registering his claim.

For the bankruptcies in which proceedings were instituted but rejected for lack of assets, DM6.8 billion worth of claims have been registered thus far, but in any event this amount, in light of experience to date, should be corrected upwards. On the whole, the study proceeds on the basis that last year the total volume of creditors' claims amounted to about DM11.3 billion (DM12.2 billion in the previous year). Thus, this decline is roughly equivalent to the change in numbers of bankruptcies.

Of the enterprise collapses in the past year, more than half of them (53 percent) had the legal form of a GMBH (limited liability corporation), a further 38 percent were not incorporated or were private firms. The proportion of enterprises that had the legal form of a GMBH & Co. KG (limited liability/limited partnership corporation) amounted to about 6 percent, and only 3 percent bore the firm name of general partnership or limited partnership. At about 18 percent, the decline was sharpest in the area of GMBH & Co. KG's in comparison with the previous year. The decline in the case of GMBH's (down by 8.6 percent) was somewhat below the average of all enterprises (down by 10.4 percent).

Categorized according to age, for every insolvency of a firm 8 years old and older there are an average of three bankruptcies or settlements by younger enterprises (under 8 years), according to the study. According to the data, 80 percent of the enterprises that were not yet 8 years old were unincorporated firms and GMBH's. In contrast, far more than half of the partnerships that became insolvent had existed for 8 years and longer.

Categorized according to branches of the economy, the reduction of insolvencies in the past year involved almost all sectors. Thus, even the service sector, which has held the "industry record" for the absolute highest annual number of insolvencies since 1984, could record an 11.4 percent decline to 3,496 cases. At 3.9 percent, the numbers of insolvencies in the processing trades declined the least.

If one again compares the absolute numbers of the past year, it turns out that there has been no change in the ranking of the sectors in comparison with the previous year. Now as then, there was the relatively greatest number of insolvency cases in the building trade (137 cases per 10,000 [sic] enterprises). Moreover, just in the construction industry proper, there were 233 insolvency cases per 1,000 enterprises. At the lower end of this scale of comparison are the service and trade sectors with 52 and 55 insolvencies respectively per 1,000 existing firms.

Categorized according to the Federal States, the number of collapses did not increase in any state in 1987. The number of insolvencies declined particularly markedly in the Saar (down by 17.5 percent), in Bremen (down by 15.6 percent), in Schleswig-Holstein (down by 13.6 percent), and in North Rhine-Westphalia (down by 11.6 percent). Only in Bavaria did it remain unchanged. Only in the case of government enterprises was the decline in all the Federal States clearly more pronounced than the overall average, whereby even in Bavaria a decline of 5.8 percent was registered in this instance.

13238/06662

GREECE

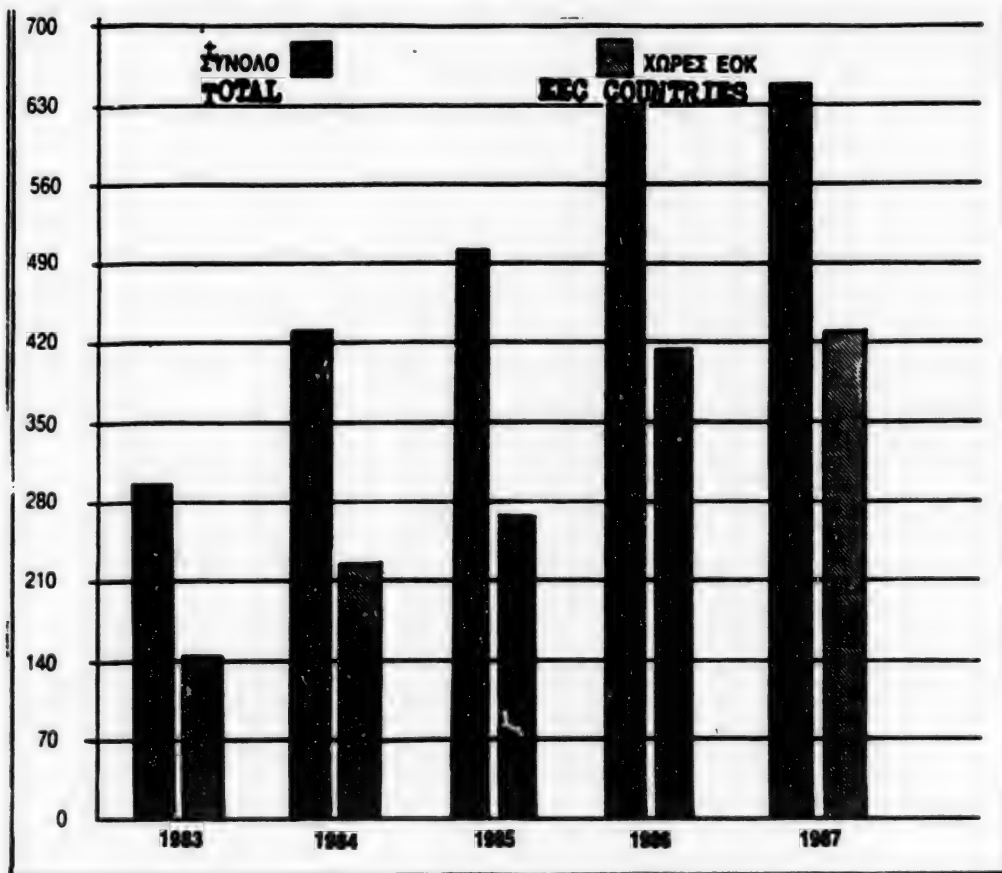
Pessimistic Prospects for 1988 Exports 35210106c Athens I KATHIMERINI in Greek 9 Jun 88 p 11

[Text] According to the president of the Panhellenic Association of Exporters [PSE] 1988 exports are sluggish. Greek exports will not show significant progress during 1988 and may remain stagnant for a second year in a row.

This prediction came yesterday from PSE President N. Gatos, who based this, he said, on indications leaving aside all this talk about 1992 that the Statistical Service is not yet in a position to make public official data on 1987.

Gatos noted the need to remove certain anti-motives which discourage export activities. He mentioned the need to extend the deadline for submitting affidavits for relieving export companies from the obligation of paying the 10 percent surcharge on profits, abolition of the special tax on banking transactions, etc.

EXPORTS: JANUARY-OCTOBER 1987
(in billion drachmas)



The National Statistical Service so far has not issued complete data on Greek exports for 1987. Officially, data have been made public for the 10-month period between January and October.

He added that it is not possible to take advantage of institutional measures which have been enacted, such as an insurance agency for export credits, because the necessary procedures have not been completed.

"It is necessary," he concluded, "to embark on working out systematic plans to develop our exports, which will aim at realization of certain quantitative goals, further modernization of the institutional framework, and drastic improvement in the quality of export products."

7520/9604

Errors in Government Industry Agreement Pointed Out

35210106a Athens MESIMVRINI in Greek
19 May 88 p 6

[Article by V. Kolmer]

[Excerpts] It would be desirable if the woes of the Greek economy—and their consequences—had ended in 1985. Unfortunately, this did not happen. Our economy did not get better in the last 2 years. It got worse. This is why: The deficit in the country's external transactions in 1985 was 6.5 billion dollars in the balance of trade and around 10 percent of the GNP or 3.3 billion dollars in the current accounts balance.

Correspondingly, in 1987, the trade deficit reached over 7 billion dollars and this year it is running at a rate approaching 8 billion (see Association of Greek Industrialists, "The Greek Industry in 1987," p 20, projections by the Foundation for Economic and Industrial Research [IOVE]).

The current accounts deficit in 1987 (after deduction of 1,120 million dollars in "recoverable, convertible deposits," which refer not simply to the inflow of capital but to "hot money,") was 2.4 billion dollars or 10 percent of the GNP—very close to that of 1985. This year, when the current accounts deficit increased by 40 percent to 1,038 million dollars during the first quarter (compared to 1,000 million projected by IOVE for all of 1988), it is expected to again go beyond the 10 percent of the GNP.

Inflation, as measured by the very unreliable consumer index, runs at an official rate twice as high as that of the 12 EEC countries. We participate in this but as a pitiful straggler, while we also prevent lowering of the European average (without us the rate would be twice as great).

In 1985 our inflation was 19.3 compared to the EEC average of 7 percent, i.e., almost three times as high. In other words, we have deterioration in this sector as well.

We also have deterioration in the "growing deficits of the public sector." In 1985, the public sector borrowing requirements (PSBR) were 17.6 percent of the GNP (see IMF Staff Report, p 3), while this year the PSBR will be approximately 17.1 percent.

"If fears that public expenditures will exceed projections come true, matters will develop in even worse ways." (IOVE, *ibid*, p 22). Our data show that the PSBR will reach 1.6 billion drachmas. In 1986 (20.5 percent of the GNP) it was double that of 1985 in current prices.

The fourth and last indication of the worsening situation refers to foreign borrowing. According to the IMF (*ibid*, p 23), in 1985 our foreign debt stood at 15.6 billion dollars or 46.8 of the GNP (compared to 26.7 of the GNP in 1982).

Last year our country's foreign debt reached 20.7 billion dollars (an increase of 33 percent over 1985) and together with the "defense debt" of 2.7 billion dollars, it reached 23.4 billion—not including short-term borrowing. This sum corresponds to 51 percent of the GNP in 1987 prices. It should be noted that servicing of external debt in 1985 required 21.8 percent of the country's receipts in foreign exchange and 25.6 percent in 1987 (Report by the Governor of the Bank of Greece, p 171).

Therefore, it is abundantly clear that while in 1985 we were on the brink of disaster, we are now in "free fall." We simply don't realize it because we are being blinded by the charm of the confluence of socialists with industrialists and the historic compromise with the arch-manager of power Andreas Papandreou (see interview with N. Nikolaou in KATHIMERINI, 15 May 88). Two basic points which should certainly be welcome to industrialists—the improvement and shift of policy by the government on freezing of prices and labor costs—require a response.

From one point of view the freezing takes another protean form (e.g., "voluntary" limits on prices) and from another labor costs are taking secondary significance when the state limits itself to the role of a spectator and does not protect the workers (e.g., Volos Steelworks).

Finally, I mention for the sake of history the new trap by the Association of Greek Industrialists. It is known as Workers' Councils and is provided for in a bill which provides for participation of workers "committees" (in Russian, *soviets*) in management of a company.

The new "institution" will usher in a new class war inside the enterprises—this time—without necessarily safeguarding the interests of workers, which presumably are protected under Section 135 in the International Labor Agreement. If the government wants to promote the tie between compensation of workers and their productivity, it only needs to modify Law 3239 on collective bargaining and postpone ratification of the international labor agreement. The enterprises, which come out deeply wounded by the 15 years of socialmania, feel they will be unable to survive the impact of this new institution because they cannot afford new interventions and confrontations which will inevitably result from the workers' councils within their structure.

Beyond that, the country needs investors from abroad who will never accept joint management with the workers' soviets in an enterprise. The likelihood that communist syndicates will affect composition of the councils is much greater than generally believed. The traps and risks inherent in this institution of workers' councils in the enterprises are greater than the expected benefits.

In any event, between now and 1990 we have time to be educated on the new, free collective bargaining before we move forward with creation of the workers' councils. Moreover, until then we have a new "stabilization program" coming up, which will not have the financial support of the EEC.

Finally, we have the country's unstable political future, which does not allow optimism. Barring an unforeseen event (e.g., Papandreou's withdrawal from the premiership), until 1990 we'll have four electoral confrontations which will be, as usual, detrimental to the economy:

1. Between now and the beginning of 1989, the general parliamentary election which is doubtful will bring a viable government.

2. In June 1989, Euroelections with substantial political significance.

3. In 1990 the term of office of the president of the Republic will end and in the absence of another with a majority of 180 "similar" votes, the legislature will be dissolved and the new one will elect a president with a weaker majority.

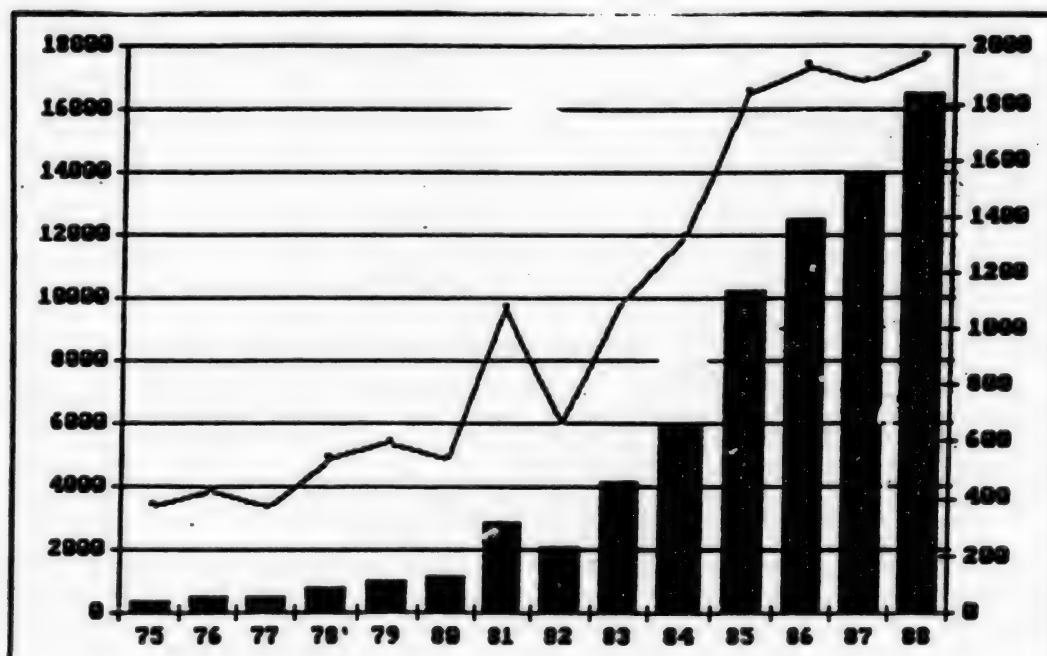
4. The plebiscite on the American bases will follow and possibly another plebiscite is on the planning board in the submission of Greeks to the "spirit of Davos." The bases presumably "are leaving" on 31 December 1988.

Anyone can see now that with an economy already tottering and an unstable and uncertain political future, we need God's help—literally—to avoid disaster.

7520/9604

Accounts of Public Investments in Health Detailed
35210106b Athens TA NEA in Greek 11 May 88 p 11

[Excerpt]



The development of public investments in Health in current and fixed prices for the years between 1975 and 1988.

TURKEY

Contractor Signs Protocol To Build in USSR *35540157a Istanbul DUNYA in Turkish 10 Jun 88 p 1*

[Report by Ayfer Karatas]

[Text] Soviet officials and Enka Corporation representatives signed a protocol yesterday in Ankara with regard to two construction projects to be built in Moscow. One of the projects is a 1,000-bed hospital, and the other is the restoration of a historic trade building.

The historic Petrowski trade building, built in 1900 in the center of Moscow, will be turned into a supermarket after Enka's restoration work is completed. The floor area of the four-story building is 20,000 square meters. The 1,000-bed hospital Enka will build is 25 kilometers away from the said restoration project. The hospital, which will be erected on a lot of 105,000 square meters, will be built as a turnkey project.

At the protocol signing ceremony for the two projects, the Soviet Union was represented by its Deputy Minister of Trade, and Enka was represented by Executive Council Chairman Sarik Tara, Deputy Chairman Temiz Ustun, Deputy Director General Haluk Gercek and Project Director Zeki Isin.

The Soviet Union reportedly has plans for several hotel projects mainly in Baku and Tbilisi, but it has not yet taken any action on these projects.

9588

Confusion Hampers Trade With Iraq *35540151 Istanbul DUNYA in Turkish 13 May 88 p 2*

[Excerpt] Minister of State Mr. Yusuf Bozkurt Ozal as the Prime Minister's brother, his closest partner and a statesman responsible for the economy expresses how the Government evaluates the Iraqi-Turkish commercial relations.

The following is the summary of this evaluation:

—Until today Iraq has imported from Turkey, regardless of the price, saying "I am not going to pay for it anyhow."

—For many years Turkey has sold worthless goods, goods good enough to be dumped in the ocean, to Iraq.

—The Turkish exporter sells 50 liras worth of goods for 100 liras to Iraq. Therefore, if the exporter earns half the export price shown on paper, he would profit and not lose money.

—All over the world (for example, in the United States, in West Germany, in England, in Italy, in France) governments implement systems of this type. Then they stop the implementation. This is natural.

—In other words, almost half a billion dollars worth of exports to Iraq in 1987 are "Unreal Exports." Not only the private sector but the State Economic Enterprises also sell goods to Iraq. They, too, have been involved in unreal exports and have shown a 50 lira good as if sold for 100 liras.

What Is Turkey Exporting to Iraq and For How Much?

What Turkey has exported to Iraq so far and for how much is no secret. (What is secret is the figure that the Turkish Government needs to collect from Iraq for the total value of exports until now.)

The computers in the offices of the Prime Ministry's State Planning Organization, of the Undersecretary of the Treasury and Foreign Trade, State Statistics Institute, and even at the Istanbul Chamber of Commerce, with a push of a button, in less than a minute will print out the list of the goods exported to Iraq, with their amounts and prices, item by item.

According to the information available in the Istanbul Chamber of Commerce computer, in 1987 exports of many different types of goods, but in small quantities, to Iraq total \$945 million.

The following is the list of goods and their values per item exported to Iraq in 1987:

- Live sheep (\$23.3 million)
- Eggs (\$35.9 million)
- Red lentil (\$14.2 million)
- Tomato paste (\$21.3 million)
- Synthetic thread (\$23.9 million)
- Polyethylene (\$16.7 million)
- Cloth sacks (\$11.3 million)
- Angle iron (\$15.2 million)
- Wheat (\$9.3 million)
- Galvanized zinc (\$12.5 million)
- Glass bottles (\$6.4 million)
- Electric motors (\$1.3 million)
- Cotton thread (\$9.5 million)

And the list goes on.

One does not have to be the economy head in the cabinet to be able to compare the computer's item prices to the item prices exported to other countries and see that something worth 50 liras cannot be sold for 100 liras. Anybody can do that.

This happened and that happened.... Past is past. What will happen from now on?

—The rational solution is to evaluate the export contract status currently viewed as an "irrevocable right."

—From now on discriminatory implementation of exports to Iraq should be ended, and permission should not be granted for exports on credit to Iraq, only hard currency exports.

It is this government which started and continued the discriminatory export system for Iraq. It was wrong for the government to just watch until the debt reached \$4 billion then suddenly, realizing the mistake, make decisions to reverse the situation and penalize the exporter.

The following will be harmed because of their current export contracts with Iraq:

—Producer industrialists

—Exporters with export contracts

—Banks with financing obligations

Exporters to Iraq, until now, acted with the following calculation: We receive 78 percent of the price of the good as soon as we export. The remaining 20 percent will be paid to us in a maximum of 2 years' installments.

—However, as of 7 May, the exporter is faced with the following situation: He receives 58 percent of the export price immediately. The remaining 40 percent will be paid on the payment date if Iraq pays. If Iraq does not pay, no payments will be made to the exporter.

Those who plan to contact Iraq for new exports read this decision. They evaluate the risks. If they see it feasible, they establish new export contacts. But the problem exists for those who produce to export and hold stocks yet have not fulfilled their export contracts.

An electronic supplies producer, company A, has agreed to export Iraq \$15 million worth of goods. With the old system, export procedure covers the cost.

Until now, \$6 million worth of goods have been delivered. Major components of the remaining \$9 million worth of goods have been imported and the special order production continues. To continue exporting under the new payment system will cause considerable damage to the firm. If the firm abandons the export, it will have to pay compensation to Iraq because of the export contract, it will lose money on the imported parts and will be unable to sell the goods, custom made for Iraq, anywhere.

Based on the demand, firm B, producing clothing continuously for the Iraqi Army, has arranged for raw materials to be produced, has imported accessories, and has built a considerable stock to be shipped. Under the

current payment requirements, it is impossible for the firm to continue production. Raw materials specially weaved and other special accessories cannot possibly be utilized elsewhere.

12777/08309

Exporters Lose Millions in Iraqi Financial Crisis
35540157b Istanbul DUNYA in Turkish
9 Jun 88 pp 1, 10

[Report by Ayfer Karatas]

[Text] The "Iraqi crisis" which erupted after the Central Bank reduced the cash advance requirement for exports with credit to Iraq from 78 percent to 58 percent has burgeoned to 16 foreign trade finance firms with a loss of \$458 million. The Tekfen Foreign Trade Corporation has suffered the biggest loss as a result of the Iraqi crisis with letters of credit totaling \$83.2 million. Tekfen is followed by the foreign trade corporations of Enka, Ekinciler, Meptas, Izdas, Edpa and Yasar in descending order of the size of loss. The letters of credit totaling \$458 million cover merchandise worth \$120 million prepared specially for Iraq or designated for export only to Iraq and include contract security bonds totaling \$50 million.

Enka Foreign Trade Corporation Director General Melih Halefoglu stated that because of the recent crisis in the Iraqi market his firm has taken steps to "reduce the size of the company" and to "cut personnel." He added that within the framework of this policy it has become necessary to lay off 100 employees gradually and that the layoffs have begun.

Stating that employees working on exports to Iraq cannot be reassigned to work in European markets, Halefoglu said: "We have to make broad changes in the structure of the company." Halefoglu continued:

"Our firm may become two companies in this process of change. We may close offices at home and abroad, and instead of exporting to Iraq we may act as a dealer. Because of the tight money situation prevailing in the market today we will separate the businesses by reducing the size of the companies. But the losses from Iraq cannot be recovered even by these savings."

Meptas Director General Mustafa Somersan said that his firm is trying to sell merchandise designated for export to Iraq in other countries. He continued: "However, even if that option becomes available it is evident that the sale will result in a loss. Our alternative buyers on the world market know about the developments in Turkey and will force us to cut our prices on the assumption that goods designated for sale to Iraq are surplus merchandise."

Stating that manufacturers, exporters and the government must create an environment of mutual understanding with regard to the crisis-ridden Iraqi market, Somersan stressed the need to find a basis for relief. Somersan said that the banks have proposed ways of canceling the contract security bonds but that there has not been any actual cancellation of security bonds. Somersan added that he was "pleased" about the decision taken at talks held 2 days ago between Minister of State Yusuf Bozkurt Ozal and officials of Turktrade to send a memorandum to banks by the end of this week stating that no steps will be taken with regard to the security bonds without first consulting with the Undersecretariat of the Treasury and Foreign Trade.

Yasar Foreign Trade Corporation Director General Mustafa Guclu said that his firm will determine strategies to "put pressure on Iraq" in accordance with new decisions that will be taken in the course of talks between Turktrade and Treasury officials. He added: "Our circumstances have not yet reached the stage to necessitate the cancellation of security bonds. We believe that the government will defend the firms' rights."

9588

Foreign Trade Office Restricts Exports to Iraq
35540163a Istanbul TERCUMAN in Turkish
15 Jun 88 p 5

[Text] Ankara (Anatolia News Agency)—A resolution providing for oversight of exports to Iraq was published in yesterday's RESMI GAZETE.

According to a communique from the Under Secretariat for Treasury and Foreign Trade, a licensing system for exports to Iraq will be applied until the end of 1988. Firms making exports on credit within the framework of banking agreements will receive registration forms from the undersecretariat. Instructions have been sent to the customs gates "by telephone and facsimile." According to these instructions, no goods may be sent to Iraq without the registration form.

Finance and Customs Minister Ahmet Kurtcebe Alptemocin said that the decision to require registration for exports on credit was adopted with the agreement of Iraqi oil minister al-Shalabi. Alptemocin pointed out that the agreement to implement such a practice had been reached during talks in Istanbul with the Iraqi minister and his delegation. "We are two friendly and neighboring countries with good relations. Because this is true, the Iraqi minister came and we discussed, debated, the problems," he said.

Finance and Customs Minister Alptemocin, as joint chairman of the Turkish-Iraqi Joint Economic Commission, pointed out that the decision should not be interpreted as any kind of problems having arisen between the two countries.

Meanwhile, it was learned that the purpose of Treasury's decision to require a permit for exports to Iraq was to restrict trade based on credit between the two countries. The new practice will monitor exports to Iraq and keep trade on credit from exceeding present levels.

8349/9604

Spurt of Development Incentive Projects in Anatolia

35540157c Istanbul DUNYA in Turkish 9 Jun 88 p 3

[Text] Ankara—The construction of the Southeast Anatolia Project [SAP] has created an explosion of incentive-supported investment ventures in that region. In the first quarter of 1988, the State Planning Organization [SPO] awarded incentive documents to projects worth 167 billion Turkish lira [in the Southeast Anatolia region]. This represents a 1,130 percent increase over the corresponding period of last year.

In terms of percent growth of investments supported by SPO incentives in the first quarter of 1988 over the corresponding period of 1987, the Southeast Anatolia region is followed by the Marmara region with an increase of 627 percent. Total incentive-supported investment in the Marmara region rose from 234,342,000,000 Turkish lira in the first 3 months of 1987 to 1,705,983,000,000 Turkish lira in the corresponding period of this year.

SPO-supported investments in the Central Anatolia region rose by 183 percent from 66,408,000,000 Turkish lira in the first quarter of last year to 188,162,000,000 Turkish lira in the corresponding period of this year.

Incentive-supported investments rose by 177 percent in the Black Sea region over the period of comparison. Investments in that region totaled 93,552,000,000 Turkish lira in the first 3 months of this year compared to 33,660,000,000 Turkish lira in the corresponding period of last year.

In the East Anatolia region, incentive-supported investments rose by 176 percent over the period of comparison and reached 35,153,000,000 Turkish lira in the first 3 months of 1988. Investments in the first 3 months of 1987 totaled 12,705,000,000 Turkish lira in that region.

In the Aegean region, the SPO awarded incentive documents for investments totaling 208,736,000,000 Turkish lira in the first quarter of 1988 which represents a 132 percent growth over the total investment volume of 89,933,000,000 Turkish lira in the first 3 months of 1987.

During the said period of comparison, incentive-supported investments in the Mediterranean region rose by 108 percent. In this region, incentive-supported investments totaled 101,436,000,000 Turkish lira in the first 3 months of 1987 compared to 211,789,000,000 Turkish lira in the corresponding period of 1988.

In regions with development priority, investments rose by 61 percent in the first quarter of 1988 compared to the corresponding period of last year. Investments in regions with development priority totaled 83,962,000,000 Turkish lira in the first 3 months of 1988, using up 5,243,000,000 Turkish lira for operating capital and \$22,992,000 in foreign exchange and creating an expected 3,620 jobs.

In these regions, investments in the agricultural sector rose by 21 percent over the period of comparison. In the first 3 months of 1987, the SPO offered incentives for agricultural investments totaling 2,470,000,000 Turkish lira compared to 2,992,000,000 Turkish lira in the corresponding period of this year.

The operating capital needs of the agricultural projects totaled 1,040,000,000 Turkish lira, and their foreign currency expenditures totaled \$31,000.

Incentive-supported investments in the mining sector grew by 156 percent over the period of comparison and totaled 6,798,000,000 Turkish lira in the first quarter of 1988. The corresponding figure for the first quarter of 1987 was 2,653,000,000 Turkish lira. The mining projects used up a total operating capital of 229 million Turkish lira and \$3,219,000,000 in foreign currency and are expected to create 455 jobs.

Incentive-supported investments in the manufacturing sector in the first 3 months of 1988 were 125 percent higher than those in the corresponding period of last year. In this sector, investments totaling 24,743,000,000 were awarded incentive documents in the first quarter of 1987, compared to 55,723,000,000 Turkish lira in the corresponding period of 1988. These projects had a total operating capital of 3,904,000,000, used up \$12,813,000 in foreign currency and are expected to create 2,333 jobs.

In the services sector, investments totaling 22,013,000,000 Turkish lira were supported with incentives in the first 3 months of 1987. This amount declined by 16 percent in the first quarter of this year to 18,449,000,000 Turkish lira. The operating capital needs of the services sector totaled 70 million Turkish lira, and their foreign currency expenditures totaled \$6,929,000. The service sector projects are expected to create 767 jobs.

9588

TURKEY

Opposition Criticizes Fundamentalism Growth

35540150 Istanbul *MILLIYET* in Turkish
20 May 88 p 14

[Text] Commenting on the search conducted in a high school in the Konya district of Doganhisar, the General Secretary of the Socialist Populist Party Fikri Saglar said that by spreading Ataturk enmity in Doganhisar, events targeting secularism are being exhibited. Saglar announced that SPP will send a delegation to Doganhisar to investigate the events on the scene.

In a written statement, Saglar indicated that beginning with the Konya district of Doganhisar, many areas in Turkey are expecting new fundamentalist activities. Saglar, announcing that in the past few days in Doganhisar attempts at spreading Ataturk enmity are being made further added: "The architect of these events is Governor Necati Cetinkaya who is under the protection of Motherland Party General Chairman's chief assistant

Mehmet Kececiler. Governor Cetinkaya has selected schools in Doganhisar as the implementation areas. The religious studies instructor in Doganhisar High School has distributed (Blackvoice) Cemalettin Kaplan's banned publications and during a search conducted following a complaint, many banned publications have been captured in the school library.

"Yet Konya Governor Cetinkaya has expressed anger with the State Prosecutor for conducting the search without notifying him and has said 'Those books have been written while Kaplan was the regional religious authority. How can they be banned?' The Governor is explicitly violating the tenet of secularism which is one of the most important of Ataturk's tenets.

"Some state employees have also been involved in these events in Doganhisar. The Governor of Konya must be removed from office."

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